Westfield America Trust Financial Report 31 December 2005

Westfield

Directory

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Financial Report

Westfield America Trust

Comprising Westfield America Trust and its Controlled Entities
For the financial year ended 31 December 2005

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note 2(q)	Consolidated 2005 $million	Consolidated 2004 $million	Parent Entity 2005 $million	Parent Entity 2004 $million
Revenue and other income					
Property revenue	4	**1,553.9**	1,687.9	**–**	–
Property revaluation		**1,345.9**	1,955.8	**–**	–
Fair value adjustment of investment in subsidiaries		**–**	–	**1,860.8**	–
Dividends from subsidiaries		**–**	–	**555.9**	666.2
		2,899.8	3,643.7	**2,416.7**	666.2
Share of after tax profits of equity accounted entities	13	**336.2**	573.8	**–**	–
Currency derivatives	5	**86.9**	–	**–**	–
Profit on disposal of assets		**4.9**	5.0	**–**	6.8
Interest income		**25.9**	8.5	**294.4**	84.2
Total revenue and other income		**3,353.7**	4,231.0	**2,711.1**	757.2
Expenses					
Property expenses and outgoings		**(533.6)**	(503.1)	**(2.8)**	(1.3)
Corporate costs		**(5.5)**	(25.8)	**(2.8)**	(2.4)
		(539.1)	(528.9)	**(5.6)**	(3.7)
Goodwill on acquisitions (due to the recognition of deferred tax liabilities) written off		**(10.1)**	–	**–**	–
Currency derivatives	5	**–**	–	**(384.9)**	–
Merger charges		**–**	(34.5)	**–**	(34.5)
Write back of previously written down subsidiaries		**–**	–	**–**	469.1
Financing costs					
— interest bearing liabilities		**(116.1)**	(344.8)	**–**	–
— other financial liabilities		**(339.6)**	(39.4)	**–**	(0.7)
	6	**(455.7)**	(384.2)	**–**	(0.7)
Total expenses		**(1,004.9)**	(947.6)	**(390.5)**	430.2
Profit before tax expense and minority interests		**2,348.8**	3,283.4	**2,320.6**	1,187.4
Tax expense	7	**(333.6)**	(426.6)	**(330.8)**	(78.7)
Profit after tax expense for the period		**2,015.2**	2,856.8	**1,989.8**	1,108.7
Less: net profit attributable to minority interests		**–**	(578.6)	**–**	–
Net profit attributable to Members of Westfield America Trust ("WAT")		**2,015.2**	2,278.2	**1,989.8**	1,108.7

		cents	cents
Basic earnings per unit	8	**111.68**	80.32
Diluted earnings per unit	8	**111.11**	80.19

		Consolidated		Parent Entity	
		2005 $million	2004 $million	**2005 $million**	2004 $million
Net profit attributable to Members of WAT		**2,015.2**	2,278.2	**1,989.8**	1,108.7
Adjusted for:					
Revaluation of investment properties		**(1,345.9)**	(1,955.8)	**–**	–
Revaluation of investment properties attributable to equity accounted entites		**(236.7)**	(491.9)	**–**	–
Minority interest property revaluations		**–**	440.1	**–**	–
Fair value adjustment of investment in subsidiaries		**–**	–	**(1,860.8)**	–
Amortisation of tenant allowances		**46.0**	39.0	**–**	–
Net unrealised (gain)/loss on mark to market of derivatives that do not qualify for hedge accounting		**(42.6)**	–	**562.9**	–
Interest expense on minority equity interest classified as convertible debt and the mark to market of convertible debt		**165.6**	–	**(89.8)**	–
Deferred tax charge		**280.5**	388.2	**287.6**	46.9
Goodwill on acquisitions (due to the recognition of deferred tax liabilities) written off		**10.1**	–	**–**	–
Write back of previously written down subsidiaries		**–**	–	**–**	(469.1)
Net profit from asset sales/transaction costs written off		**(4.9)**	29.1	**–**	27.7
Distribution from retained profits		**102.0**	38.6	**99.6**	51.3
Special capital distribution		**–**	34.0	**–**	34.0
Distribution proposed/paid	24	**989.3**	799.5	**989.3**	799.5

	Consolidated	
Weighted average number of securities entitled to distribution at 31 December	**1,813.9**	2,749.0
6 months ended 31 December		
Distribution proposed per ordinary unit (cents)	**29.37**	26.82
Distribution proposed per Distribution Reinvestment Plan ("DRP") unit (cents)	**19.48**	–
6 months ended 30 June		
Distribution paid per ordinary unit (cents) [1]	**25.16**	16.85
Distribution paid per DRP unit (cents) [1]	**16.96**	11.30
Special capital distribution paid per unit (cents) [1]	**–**	1.96

[1] The comparative amounts have been restated to include the consolidation of and issue of WAT's units due to the stapling transaction with Westfield Holdings Limited and Westfield Trust in July 2004 ('Merger'). On an unadjusted basis the distribution per ordinary unit was 7.80 cents, the distribution per DRP unit was 5.23 cents and the special capital distribution was 0.90 cents.

Balance Sheet

AS AT 31 DECEMBER 2005

	Note 2(q)	Consolidated 2005 $million	Consolidated 2004 $million	Parent Entity 2005 $million	Parent Entity 2004 $million
Current assets					
Cash and cash equivalents	23	**32.7**	158.5	**0.7**	15.7
Trade receivables	9	**23.0**	20.2	**–**	–
Derivative assets	10	**280.9**	179.1	**284.6**	179.1
Receivables	11	**596.6**	322.2	**737.9**	486.4
Tax receivable		**27.8**	26.5	**27.8**	26.5
Prepayments and deferred costs		**87.2**	71.0	**–**	1.0
Total current assets		**1,048.2**	777.5	**1,051.0**	708.7
Non current assets					
Investment properties	12	**16,976.1**	13,659.1	**–**	–
Equity accounted investments	13	**1,824.8**	1,458.1	**–**	–
Other investments	14	**116.1**	105.6	**7,682.6**	6,827.3
Derivative assets	10	**224.1**	799.7	**325.2**	799.7
Receivables	11	**4.2**	101.1	**–**	–
Deferred tax assets	7	**22.6**	5.3	**–**	–
Prepayments and deferred costs		**365.4**	260.2	**–**	–
Total non current assets		**19,533.3**	16,389.1	**8,007.8**	7,627.0
Total assets		**20,581.5**	17,166.6	**9,058.8**	8,335.7
Current liabilities					
Payables	15	**377.3**	398.3	**26.2**	60.8
Interest bearing liabilities	16	**393.4**	165.7	**–**	–
Tax payable		**13.8**	6.8	**13.8**	6.8
Derivative liabilities	18	**–**	179.1	**–**	179.1
Total current liabilities		**784.5**	749.9	**40.0**	246.7
Non current liabilities					
Payables	15	**16.8**	104.6	**–**	30.9
Interest bearing liabilities	16	**7,432.2**	6,226.6	**–**	–
Other financial liabilities	17	**3,166.5**	302.8	**–**	–
Deferred tax liabilitites	7	**1,306.7**	887.0	**694.5**	554.4
Derivative liabilities	18	**186.0**	304.3	**45.9**	304.3
Total non current liabilities		**12,108.2**	7,825.3	**740.4**	889.6
Total liabilities		**12,892.7**	8,575.2	**780.4**	1,136.3
Net assets		**7,688.8**	8,591.4	**8,278.4**	7,199.4
Equity attributable to Members of WAT					
Contributed equity	19	**6,058.6**	5,647.4	**5,578.6**	5,241.4
Reserves	21	**206.4**	289.9	**–**	1,361.6
Retained profits	22	**1,423.8**	1,098.8	**2,699.8**	596.4
Total equity attributable to Members of WAT		**7,688.8**	7,036.1	**8,278.4**	7,199.4
Minority interests					
Contributed equity		**–**	1,194.3	**–**	–
Reserves		**–**	(37.6)	**–**	–
Retained profits		**–**	398.6	**–**	–
Total minority interests		**–**	1,555.3	**–**	–
Total equity		**7,688.8**	8,591.4	**8,278.4**	7,199.4

	Note	Consolidated 2005 $million	Consolidated 2004 $million	Parent Entity 2005 $million	Parent Entity 2004 $million
Changes in equity attributable to Members of WAT					
Opening balance of equity		**7,036.1**	4,537.7	**7,199.4**	4,724.8
Contributed equity					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**74.0**	–	**–**	–
Distribution reinvestment plan		**190.7**	187.5	**190.7**	187.5
Conversion of options		**146.5**	(73.5)	**146.5**	0.5
Stapling distribution		**–**	(488.1)	**–**	(488.1)
Units issued to implement the Merger		**–**	630.2	**–**	630.2
Special capital distribution		**–**	(34.0)	**–**	(34.0)
Asset revaluation reserve					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**–**	–	**(1,361.6)**	–
Revaluation increment		**–**	–	**–**	1,626.1
Deferred tax expense		**–**	–	**–**	(264.5)
Foreign currency translation reserve					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**27.3**	–	**–**	–
Net exchange difference on translation of foreign operations [1]		**(110.8)**	289.9	**–**	–
Retained profits					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**(763.8)**	–	**1,040.0**	–
Distribution paid		**(926.4)**	(291.8)	**(926.4)**	(291.8)
Net adjustments recognised directly in equity		**(1,362.5)**	220.2	**(910.8)**	1,365.9
Profit after tax expense for the period [1]		**2,015.2**	2,278.2	**1,989.8**	1,108.7
Closing balance of equity attributable to Members of WAT		**7,688.8**	7,036.1	**8,278.4**	7,199.4

	Note	Consolidated 2005 $million	Consolidated 2004 $million
Changes in equity attributable to minority interests			
Opening balance of equity attributable to minority interests		**1,555.3**	1,361.6
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**(1,555.3)**	–
Contributed equity			
Conversion of options		**–**	3.2
Profit after tax expense for the period		**–**	578.6
Deconsolidation of previously consolidated entity now equity accounted		**–**	(185.2)
Net exchange difference on translation of foreign operations		**–**	(38.9)
Distributions paid or provided for		**–**	(164.0)
Closing balance of equity attributable to minority interests		**–**	1,555.3
Total equity		**7,688.8**	8,591.4

[1] Total income and expenses for the period, including amounts recognised directly in equity, is $1,904.4 million (31 December 2004: $2,568.1 million), being profit after tax expense for the period of $2,015.2 million (31 December 2004: $2,278.2 million) and the net exchange loss on translation of foreign operations of $110.8 million (31 December 2004: $289.9 million net exchange gain).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note 2(q)	Consolidated 2005 $million	Consolidated 2004 $million	Parent Entity 2005 $million	Parent Entity 2004 $million
Cash flows from operating activities					
Receipts in the course of operations		**1,611.0**	1,511.3	**–**	–
Payments in the course of operations		**(621.9)**	(618.7)	**(1.0)**	(1.0)
Settlement of currency derivatives		**137.4**	185.7	**137.4**	185.7
Dividends/distributions received from subsidiaries		**–**	–	**538.6**	449.9
Dividends/distributions received from equity accounted associates		**109.2**	63.6	**–**	–
Withholding taxes paid		**(34.9)**	(36.4)	**(21.8)**	(27.1)
Net cash flows from operating activities	23(b)	**1,200.8**	1,105.5	**653.2**	607.5
Cash flows from investing activities					
Acquisition of property investments		**(365.4)**	(117.5)	**–**	–
Payments for capital expenditure of property investments		**(659.9)**	(577.1)	**–**	–
Payments for the purchase of investments in subsidiaries		**–**	–	**–**	(141.1)
Proceeds from the sale of property investments		**1.7**	86.8	**–**	–
Net payments for investments in equity accounted investments		**(63.8)**	(60.0)	**–**	–
Loans advanced to related entities		**(187.9)**	(349.7)	**(223.9)**	(249.0)
Net cash flows used in investing activities		**(1,275.3)**	(1,017.5)	**(223.9)**	(390.1)
Cash flows from financing activities					
Proceeds from issue of securities/units		**337.2**	187.5	**337.2**	187.5
Extinguishment of share option		**–**	(74.0)	**–**	–
Net proceeds from interest bearing liabilities		**1,008.2**	903.8	**–**	43.4
Financing costs		**(465.7)**	(498.7)	**–**	(0.8)
Interest received		**19.5**	8.5	**169.0**	58.7
Distributions paid		**(926.4)**	(635.9)	**(926.4)**	(635.9)
Dividends paid by controlled entities to minority interests		**–**	(135.6)	**–**	–
Stapling distribution on implementation of the Merger		**–**	(488.1)	**–**	(488.1)
Securities issued on implementation of the Merger		**–**	630.2	**–**	630.2
Merger and capital restructure charges		**(24.1)**	(1.0)	**(24.1)**	–
Net cash flows used in financing activities		**(51.3)**	(103.3)	**(444.3)**	(205.0)
Net (decrease)/increase in cash and cash equivalents held		**(125.8)**	(15.3)	**(15.0)**	12.4
Add opening cash and cash equivalents brought forward		**158.5**	173.9	**15.7**	3.3
Effects of exchange rate changes on opening cash brought forward		**–**	(0.1)	**–**	–
Cash and cash equivalents at the end of the year	23(a)	**32.7**	158.5	**0.7**	15.7

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2005

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

a) Corporate information
This financial report of WAT for the year ended 31 December 2005 was approved for issue in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT ('Responsible Entity') on 20 March 2006.

The nature of the operations and principal activities of WAT are described in the Directors' Report.

b) Statement of Compliance with Australian Equivalents to International Financial Reporting Standards
This financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards.

This is the first financial report prepared based on AIFRS. Accordingly, the financial information for the prior year ended 31 December 2004 has been restated with the exception of AASB 132 and 139 which were applied from 1 January 2005. A summary of the significant accounting policies under AIFRS are disclosed in Note 2 below.

Note 3 includes reconciliations between previously reported Australian Generally Accepted Accounting Principles as at 31 December 2004 ("AGAAP") to AIFRS including:
— a reconciliation between AGAAP and AIFRS equity as at 1 January 2004 and 31 December 2004; and
— a reconciliation between AGAAP and AIFRS profit for the year ended 31 December 2004."

As at 31 December 2005, a number of accounting standards have been issued with applicable commencement dates subsequent to year end. The expected impact of these accounting standards should not materially alter the accounting policies of WAT at the date of this report.

c) Basis of Accounting
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, equity accounted investments, investments in subsidiaries, derivative financial instruments and available for sale financial assets that have been measured at fair value.

d) Comparative information
Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Listed Property Trust Units
The constitution of WAT was amended pursuant to a resolution of Members at a meeting held on 12 May 2005. One amendment removed provisions relating to the finite maximum term, which had the effect of the unitholders' funds remaining as equity in accordance with AASB 132 "Financial Instruments: Presentation and Disclosure". The Parent Entity and its controlled entities have deferred the adoption of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" to 1 January 2005. Accordingly, AASB 132 and 139 have not been applied to the comparatives and WAT's units have been accounted for as equity.

b) Consolidation and classification
The Westfield Group was established in July 2004 by the stapling of securities of each of Westfield Holdings Limited ("WHL"), Westfield Trust ("WT") and WAT. The securities trade as one security on the Australian Stock Exchange under the code WDC. The stapling transaction is referred to as the "Merger.

The consolidated financial report comprises the financial statements and notes to the financial statements of WAT (the "Parent Entity"), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and controlled entities are collectively referred to as "the Group". Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Minority interests from 1 January 2004 to 31 December 2004 represents interests in Westfield America Inc ("WEA") not held by the Group.

i) Joint Ventures

Joint venture entities
The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint venture entities are accounted for using the equity method of accounting.

The Group and its joint venture entities use consistent accounting policies. Investment in joint venture entities are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture entities. The consolidated income statement reflects the Group's share of the results of operations of the joint venture entity.

ii) Associates
Where the Group exerts significant influence but not control, equity accounting is applied. The Group and its associates use consistent accounting policies. Investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated financial statements.

iii) Controlled entities
Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Minority interests are shown as a separate item in the consolidated financial statements.

In May 2002, WAT together with Simon Property Group ("Simon") and The Rouse Company ("Rouse"), acquired the assets and liabilities of Rodamco North America, N.V. ("RNA"). The Group's economic interest (of 43.3% by value) is represented by a 52.7% equity ownership of Head Acquisition LP which has been accounted for in accordance with the substance of the contractual agreements. Properties where the Group has 100% economic ownership have been consolidated. Other retail and property investments and property where the Group has significant influence have been equity accounted.

(c) Investment properties
The Group's investment properties include freehold and leasehold land, buildings, leasehold improvements, construction and development projects.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of investment properties is stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

Amounts capitalised to construction and development projects include the cost of sundry acquisitions and development costs in respect of qualifying assets and borrowing costs during development.

At each reporting date, the carrying value of the portfolio of investment properties is assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Directors' assessment of fair value of each investment property is confirmed by annual independent valuations conducted on a rolling basis. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used.

Investment properties are derecognised when they have been disposed of and no future benefit is expected from its disposal. Any gains and losses on derecognition are recognised in the income statement in the year of derecognition.

d) Other investments
From 1 January 2005, other investments including investment in a controlled entity are classified as financial assets at fair value through profit or loss. The investment in the controlled entity is revalued at each balance date to reflect the Parent Entity's proportionate interest in the underlying net asset value of the controlled entity. This is considered to approximate fair value.

The revaluation increments and decrements are recorded through the income statement.

e) Foreign currencies

i) Translation of foreign currency transactions
The functional and presentation currencies of the Parent Entity and its Australian subsidiary is Australian dollars. The functional currency of the United States entities is United States dollars. The presentation currency of the United States entities is Australian dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

ii) Translation of accounts of foreign operations
The balance sheets of foreign subsidiaries and equity accounted associates are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve. On consolidation, exchange differences and the related tax effect on loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve.

f) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as receivables and are carried at fair value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Certain tenant allowances that are classified as lease incentives are recorded as a separate asset and amortised over the term of the lease. The amortisation is recorded against property income.

All other revenues are recognised on an accruals basis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

g) Expenses
Expenses including rates, taxes and other outgoings, are brought to account on an accruals basis and any related payables are carried at cost. All other expenses are brought to account on an accruals basis.

h) Taxation
The Group comprises taxable and non taxable entities. A liability for current and deferred taxation and tax expense is only recognised in respect of taxable entities that are subject to taxation as set out below.

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that Members are presently entitled to the income of the Trust as determined in accordance with WAT's constitution.

WEA, is a Real Estate Investment Trust ("REIT") for United States income tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders. Dividends paid by WEA to WAT are subject to United States dividend withholding tax.

Under current Australian income tax legislation, Members of WAT may be entitled to receive a foreign tax credit for United States withholding tax deducted from dividends paid to WAT by WEA.

Deferred tax is provided on all temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised through continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

i) Goodwill and deferred tax on acquisitions of property businesses
Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

The excess of the cost over the net fair value for the Group generally arises as a result of the recognition of deferred taxes based on the difference between the tax cost base and the fair value of net assets acquired. The deferred tax liability recognised at nominal value on acquisition of property businesses generally arises from the recognition of built in capital gains on those properties. Any resultant goodwill which arises from the recognition of these deferred tax liabilities is assessed for impairment. Impairment usually arises when the nominal value of deferred taxes on built in capital gains exceeds the fair value of those taxes. Any impairment write down is charged to the income statement subsequent to acquisition.

j) Financing costs
Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

Refer to note 2(n) for other items included in financing costs.

k) Leases
Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

i) Operating leases
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Ground rent obligations for leasehold property that meets the definition of an investment property are accounted for as a finance lease.

ii) Finance leases
Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments under lease and are disclosed as an asset or investment property.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability.

l) Contributed equity
Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the proceeds received.

m) Cash and cash equivalents
Cash on hand, at bank and short term deposits on the balance sheet have a maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

n) Derivative and other financial instruments
The Group's activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits in respect of the use of derivative and other financial instruments to hedge cash flows subject to interest rate and currency risks.

There is a comprehensive hedging program implemented by the Group that is used to manage interest and exchange rate risk. Derivatives are not entered into for speculative purposes and the hedging policies are approved and monitored by the Board. Accounting standards however, include onerous documentation, designation and effectiveness requirements before a derivative financial instrument can qualify for hedge accounting. The Group's treasury transactions are undertaken to achieve economic outcomes in line with its treasury policy. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result all derivatives other than cross currency swaps that hedge investments in foreign operations do not qualify for hedge accounting and are recorded at fair value through the income statement.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts and other derivative contracts held by the Group are determined by reference to market values for similar instruments.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

i) Financial assets

Receivables
Trade and other receivables are carried at original invoice amount, less provision for doubtful debts, and are generally due within 30 days. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Other loans
Loans are carried at cost. Interest is credited as income on an accruals basis.

ii) Financial liabilities

Payables
Trade and sundry creditors are carried at amortised cost, and are generally payable within 60 days.

Interest bearing liabilities
Interest bearing liabilities are carried at amortised cost or at their fair value at the time of acquisition in the case of assumed liabilities. Interest is charged as an expense on an accruals basis.

Other financial liabilities
Other financial liabilities include preference shares and convertible debt. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption the instrument is classified as a derivative and is fair valued through the income statement.

iii) Interest rate swaps
The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings.

Derivatives entered into to reduce exposures to fluctuations in floating interest rates may be accounted for as cash flow hedges provided the hedge designation, documentation and effectiveness tests can be met. If these tests are satisfied then the hedging derivative is measured at fair value and gains or losses are reflected directly in equity until the hedged transaction occurs, when they are released to the income statement. To the extent that the hedges do not qualify for hedge accounting then gains or losses arising from changes in fair value is reflected in the income statement immediately. For the 2004 year, the Group did not recognise interest rate swaps in the financial statements. Net receipts and payments were recognised as an adjustment to interest expense.

iv) Cross currency swaps and forward exchange contracts
The Group enters into cross currency swaps and forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of certain of its foreign currency denominated assets, liabilities, revenues and expenses. The Group only enters into derivative financial instruments to hedge certain underlying assets, liabilities, revenues and expenses. For the 2004 year, forward exchange contracts were deferred on the balance sheet and not fair valued through the income statement.

The forward exchange contracts entered into to hedge the foreign exchange exposure relating to revenues denominated in a foreign operation's functional currency do not qualify for hedge accounting. Accordingly, such derivatives are measured at fair value and gains and losses are reflected in the income statement as they arise.

The foreign exchange exposure on net investments in foreign operations qualify for hedge accounting provided that the hedge designation, documentation and effectiveness tests are met. If these tests are satisfied then the hedging derivative is measured at fair value and gains and losses relating to the effective portion of the hedge are reflected in the foreign currency translation reserve. Any gain or loss relating to the ineffective portion is recognised directly in the income statement.

v) Disclosure of fair values
Recognised financial assets and liabilities are recorded at balance date at their net fair values with the exception of investments in associates which are carried at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value.

Applicable market rates, values, prices and terms in respect of derivative and other financial instruments are set out in the notes to these financial statements.

vi) Derecognition of financial instruments
The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or all cash flows attributable to the instrument have passed to an independent third party.

o) Recoverable amount of assets
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

p) Earnings per unit
Basic earnings per unit is calculated as net profit attributable to Members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to Members divided by the weighted average number of ordinary units and dilutive potential ordinary units.

q) Rounding
In accordance with ASIC Class Order 98/0100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 IMPACT OF ADOPTING AIFRS

a) AASB 1 transitional exemptions

The Group has made its election to the transitional exemptions allowed by AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" as follows:

i) AASB 3 "Business Combinations" was not applied retrospectively to business combinations undertaken before the date of transition to AIFRS.

ii) The Group has elected not to apply AASB 121 "The Effects of Changes in Foreign Exchange Rates" to the cumulative translation differences at the date of transition to AIFRS. This will result in the foreign currency translation reserve balance at 1 January 2004 being transferred to opening retained earnings. Any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition and shall include later translation differences.

iii) The Group has elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the opening retained earnings at 1 January 2005 has been adjusted to account for the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" as at that date. Refer note 3(e) for the reconciliation between the 31 December 2004 closing balance and the 1 January 2005 opening balance.

b) Reconciliation of profit after tax between AGAAP and AIFRS

	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 04 $million
Profit after tax attributable to Members as previously reported under AGAAP	697.8	1,155.6
Investment property revaluations [1]	1,955.8	–
Minority interest property revaluations [1]	(509.4)	–
Investment property revaluations attributable to equity accounted associates [1]	491.7	–
Deferred tax charge [2]	(318.9)	(46.9)
Tenant allowances amortised	(38.8)	–
Profit after tax attributable to Members of WAT under AIFRS	**2,278.2**	**1,108.7**

[1] AASB 140 "Investment Property" requires revaluation increment/decrement to be recognised through the income statement. Under AGAAP revaluation movements were recognised in the asset revaluation reserve.

[2] The balance sheet liability method of accounting for income taxes is required under AASB 112 "Income Taxes".

Consolidated Entity
A deferred tax liability arises as a result of depreciation claimed for tax purposes and revaluations of investment properties. Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties does not have an impact on the tax expense in the income statement. A liability was only recognised once there was an intention to sell the investment property and the sale would give rise to a tax obligation.

Parent Entity
A deferred tax liability is recognised on the difference between the tax and accounting value of the investment in subsidiary. Under AGAAP no such liability was recognised.

c) Reconciliation of total equity between AGAAP and AIFRS

	Consolidated		Parent Entity	
	31 Dec 04 $million	1 Jan 04 $million	31 Dec 04 $million	1 Jan 04 $million
Total equity under previous AGAAP	9,473.1	6,432.2	7,753.8	4,968.1
Deferred tax liability [1]	(881.7)	(532.9)	(554.4)	(243.3)
Total Equity under AIFRS	**8,591.4**	**5,899.3**	**7,199.4**	**4,724.8**

[1] The balance sheet liability method of accounting for income taxes is required under AASB 112 "Income Taxes".

Consolidated Entity
A deferred tax liability arises as a result of depreciation claimed for tax purposes and revaluations of investment properties. Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties does not have an impact on the tax expense in the income statement. A liability was only recognised once there was an intention to sell the investment property and the sale would give rise to a tax obligation.

Parent Entity
A deferred tax liability is recognised on the difference between the tax and accounting value of the investment in subsidiary. Under AGAAP no such liability was recognised.

NOTE 3 IMPACT OF ADOPTING AIFRS CONTINUED

d) Cash flow statement under AIFRS

There are no material differences between the AGAAP and AIFRS cash flow statements.

e) Reconciliation of total equity opening balance upon adoption of AASB 132 and 139 on 1 January 2005

	Consolidated 1 Jan 05 $million	**Parent Entity** 1 Jan 05 $million
Total equity under AIFRS at 31 December 2004	8,591.4	7,199.4
Forward exchange contracts not qualifying for hedge accounting [1]	432.1	432.1
Cross currency swaps not qualifying for hedge accounting	–	535.5
Interest rate swaps not qualifying for hedge accounting [2]	(163.8)	41.6
Deferred tax liability	(29.4)	147.5
Fair value adjustment of investment in subsidiaries [4]	–	(1,478.3)
Reclassify minority interest to other financial liabilities [3]	(1,194.3)	–
Mark to market of other financial liabilities [3]	(1,262.4)	–
Total Equity under AIFRS at 1 January 2005	**6,373.6**	**6,877.8**
Total Equity under AIFRS at 1 January 2005 attributable to:		
— Members of WAT	6,373.6	6,877.8

As a result of applying AASB 132 and 139 on 1 January 2005, various adjustments have been made between contributed equity reserves and retained earnings which have been disclosed in Notes 19, 21 and 22.

[1] AASB 139 "Financial Instruments" does not allow hedge accounting for derivatives entered into to hedge the foreign exchange exposure relating to revenues denominated in a foreign operation's functional currency. These derivatives are measured at fair value and gains and losses are reflected in the income statement as they arise.

Under AGAAP gains and losses on foreign currency derivatives were deferred and recorded with the underlying transactions being hedged. For hedges of foreign currency revenues, gains and losses were reflected in the income statement as the underlying foreign currency revenues were recognised.

[2] Interest rate derivatives are considered to be ineffective as they do not meet the hedge effectiveness criteria under AASB 139 "Financial Instruments", accordingly these derivatives are measured at fair value and the gains and losses are recorded in the income statement. Under AGAAP, interest rate derivatives were accounted for on an accrual basis.

[3] All AGAAP minority interests have been reclassified as debt and related earnings classified as interest expense in accordance with AASB 132 "Financial Instruments: Disclosure and Presentation". All convertible debt instruments are recorded at fair value under AIFRS. The fair value is based on the conversion value at balance date.

[4] AASB 139 "Financial Instruments" allows investments in subsidiaries to be recorded at fair value through the income statement. Under AGAAP, investment in subsidiaries was recorded at cost.

	Consolidated		**Parent Entity**	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 4 PROPERTY REVENUE				
Shopping centre base rent and other property income	**1,599.0**	1,726.7	**–**	–
Tenant allowances amortised	**(45.1)**	(38.8)	**–**	–
	1,553.9	1,687.9	**–**	–
NOTE 5 CURRENCY DERIVATIVES				
Gains/losses on currency derivatives (excluding mark to market of derivatives not qualifying for hedge accounting)	**178.0**	–	**178.0**	–
Mark to market of derivatives	**(91.1)**	–	**(562.9)**	–
	86.9	–	**(384.9)**	–
NOTE 6 FINANCING COSTS				
Gross financing costs (excluding mark to market of interest rate hedges that do not qualify for hedge accounting)	**(294.2)**	(388.3)	**–**	(0.7)
Related party borrowing costs	**(9.0)**	(6.8)	**–**	–
Financing costs capitalised to construction projects	**21.4**	18.5	**–**	–
Financing costs	**(281.8)**	(376.6)	**–**	(0.7)
Finance leases interest expense	**(5.6)**	(7.6)	**–**	–
Mark to market of interest rate hedges that do not qualify for hedge accounting	**133.7**	–	**–**	–
Interest expense and mark to market of other financial liabilities	**(302.0)**	–	**–**	–
	(455.7)	(384.2)	**–**	(0.7)

Included in interest income for the Parent Entity is mark to market of interest rate hedges that do not qualify for hedge accounting of $89.8 million gain (31 December 2004: $nil).

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 7 TAXATION				
a) Tax expense				
Current - underlying tax	**(53.1)**	(38.4)	**(43.2)**	(31.8)
Deferred	**(280.5)**	(388.2)	**(287.6)**	(46.9)
	(333.6)	(426.6)	**(330.8)**	(78.7)
The prima facie tax on profit before tax expense is reconciled to the tax expense provided in the financial statements as follows:				
Accounting profit before income tax	**2,348.8**	3,283.4	**2,320.6**	1,187.4
Prima facie withholding tax expense on profit at 15% (31 December 2004: 15%)	**(352.3)**	(492.5)	**(348.1)**	(178.1)
Profit not assessable	**20.2**	65.9	**17.3**	99.4
Goodwill write off not deductible	**(1.5)**	–	**–**	–
Tax expense	**(333.6)**	(426.6)	**(330.8)**	(78.7)
b) Deferred tax assets				
Unrealised mark to market loss on financial derivatives	**22.6**	5.3	**–**	–
Deferred tax assets	**22.6**	5.3	**–**	–
c) Deferred tax liabilities				
Revaluation of investment properties to fair value	**1,306.7**	887.0	**–**	–
Revaluation of investment in subsidiaries to fair value	**–**	–	**694.5**	554.4
Deferred tax liabilities	**1,306.7**	887.0	**694.5**	554.4

d) Deferred tax assets and deferred tax liabilities not charged to tax expense
The closing balance of deferred tax assets and liabilities includes $69.8 million charged for the current period to the foreign currency translation reserve and $29.4 million charged to retained profits on the initial application of AASB 132 and 139 (effective 1 January 2005).

The Parent Entity includes $147.5 million credited to retained profits on the initial application of AASB 132 and 139 (effective 1 January 2005).

	Consolidated	
	31 Dec 05 cents	31 Dec 04 cents
NOTE 8 EARNINGS PER UNIT		
a) Attributable to Members of WAT		
Basic earnings per unit	**111.68**	80.32
Diluted earnings per unit	**111.11**	80.19

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	Number of units	Number of units
Weighted average number of ordinary units used in calculating basic earnings per unit	**1,804,481,768**	2,836,507,443
Bonus element of security options which are dilutive [1]	**9,260,234**	4,409,804
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**1,813,742,002**	2,840,917,247

	$million	$million
Earnings used in calculating basic earnings per unit	**2,015.2**	2,278.2
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**2,015.2**	2,278.2

[1] At 31 December 2005, there are 28,089,524 options (31December 2004: 28,089,524 options) that have been determined as anti-dilutive for the current period.

The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 17,988,532 (31 December 2004: 6,980,475).

b) Conversions, calls, subscription or issues after 31 December 2005
Since the end of the financial year:
— 1,435,537 units have been issued as a consequence of the exercise of options; and
— 9,516,698 units have been issued pursuant to the Westfield Group Distribution Reinvestment Plan.

There have been no other conversions to, calls of, or subscriptions for ordinary units or issues of potential ordinary units since the reporting date and before the completion of this report.

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 9 TRADE RECEIVABLES				
Trade receivables	**27.5**	23.9	**–**	–
Less: provision for doubtful debts	**(4.5)**	(3.7)	**–**	–
	23.0	20.2	**–**	–
NOTE 10 DERIVATIVE ASSETS				
Current				
Receivables under forward exchange contracts	**239.5**	174.7	**239.5**	174.7
Receivables under interest rate contracts	**41.4**	–	**45.1**	–
Deferred loss on forward exchange contracts	**–**	4.4	**–**	4.4
	280.9	179.1	**284.6**	179.1
Non Current				
Receivables under cross currency contracts	**94.8**	426.2	**109.6**	426.2
Receivables under cross currency contracts from related entities	**–**	69.2	**–**	69.2
Receivables under interest rate contracts	**–**	–	**10.9**	–
Receivables under interest rate contracts from related entities	**–**	–	**75.4**	–
Receivables under forward exchange contracts	**129.3**	299.7	**129.3**	299.7
Deferred loss on forward exchange contracts	**–**	4.6	**–**	4.6
	224.1	799.7	**325.2**	799.7

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 11 RECEIVABLES				
Current				
Sundry debtors	**54.2**	64.4	**21.2**	24.6
Dividends receivable	**–**	–	**174.3**	204.8
Interest receivable from related entities	**4.2**	6.2	**4.2**	5.4
Loans to related entities	**538.2**	251.6	**538.2**	251.6
	596.6	322.2	**737.9**	486.4
Non Current				
Loans to related entities	**4.2**	101.1	**–**	–
	4.2	101.1	**–**	–
NOTE 12 PROPERTY INVESTMENTS				
Shopping centre investments	**16,221.2**	13,393.0	**–**	–
Construction and development projects	**754.9**	266.1	**–**	–
	16,976.1	13,659.1	**–**	–
Movement in property investments				
Balance at the beginning of the year	**13,659.1**	12,661.7		
Acquisition of properties	**448.2**	105.9		
Disposal of properties	**–**	(280.4)		
Redevelopment costs	**626.0**	566.5		
Net revaluation increment	**1,345.9**	1,955.8		
Deconsolidation of previously consolidated entity now equity accounted	**–**	(844.2)		
Retranslation of foreign operations	**896.9**	(506.2)		
Balance at the end of the year	**16,976.1**	13,659.1		

Property investments are carried at fair value based on annual independent valuations where approriate. This includes the original acquisition cost together with annual capital expenditure since acquisition, and either the latest full independent valuation, or latest independent update. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition. Differences between the carrying value and the independent valuation are due to tenant allowances, deferred costs and ground leases recorded separately on the balance sheet.

A full independent valuation of a shopping centre is conducted at least once every three years. Independent valuation is prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value. Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees, etc.) and capital expenditure in respect of completed projects which has taken place since or was not included in the latest valuation of the shopping centres. During the period between full independent valuations, the shopping centre valuations are generally independently updated annually based on the most recent independent valuation of the shopping centre in conjunction with current financial information to prepare an independent update. Independent update valuation uses both the capitalisation of net income method and the discounting of future net cash flows to their present value method. A formal inspection of the property is performed where a material physical change has occured.

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

Name of entity	Type of equity	Balance Date	Economic Interest 31 Dec 05	Economic Interest 31 Dec 04	Consolidated Carrying Value 31 Dec 05 $million	Consolidated Carrying Value 31 Dec 04 $million
a) Equity accounted entities carrying value						
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%	**186.3**	131.5
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%	**387.5**	360.1
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%	**229.2**	183.5
North Bridge	Partnership units	31 Dec	**33.3%**	33.3%	**83.8**	76.1
Plaza Camino Real	Partnership units	31 Dec	**40.0%**	40.0%	**98.4**	84.5
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%	**146.9**	88.9
UTC	Partnership units	31 Dec	**50.0%**	50.0%	**195.3**	157.6
Valencia Town Centre	Partnership units	31 Dec	**50.0%**	25.0%	**60.7**	–
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%	**413.4**	334.6
Other retail and property investments	Units/shares	31 Dec	**46.0%**	43.3%	**23.3**	41.3
Total equity accounted investments					**1,824.8**	1,458.1

All equity accounted property partnerships, trusts and companies operate solely as retail property investors in the United States.

	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million
b) Details of the Group's aggregate share of equity accounted entities net profit		
Property revenue	**204.9**	170.6
Property revaluation	**236.7**	491.9
Total revenue from ordinary activities	**441.6**	662.5
Property outgoings	**(54.4)**	(45.1)
Borrowing costs	**(51.0)**	(43.6)
Net profit from equity accounted entities before tax expense	**336.2**	573.8
Income tax expense	**–**	–
Share of net profits of equity accounted entities	**336.2**	573.8
c) Details of the Group's aggregate share of equity accounted entities assets and liabilities		
Cash	**28.7**	21.8
Receivables	**8.6**	4.8
Property investments	**2,532.8**	2,093.6
Construction in progress	**223.1**	95.8
Other retail and property investments	**23.3**	41.3
Other assets	**33.9**	21.0
Total assets	**2,850.4**	2,278.3
Payables	**(32.7)**	(16.2)
Interest bearing liabilities	**(992.9)**	(804.0)
Total liabilities	**(1,025.6)**	(820.2)
Net assets	**1,824.8**	1,458.1

	Consolidated	
	31 Dec 05 $million	31 Dec 04 $million

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS CONTINUED

d) Details of the Group's aggregate share of equity accounted entities capital expenditure commitments

Estimated capital expenditure commitments		
Due within one year	**218.4**	78.7
Due between one and five years	**15.9**	78.7
	234.3	157.4

e) Details of the Group's aggregate share of equity accounted entities contingent liabilities

Performance guarantees	**2.5**	1.6
	2.5	1.6

f) Details of the Group's aggregate share of equity accounted entities lease commitments

Operating lease receivables

The Group's share of future minimum rental revenues under non-cancellable operating retail property leases are as follows:

Due within one year	**135.8**	112.7
Due between one year and five years	**448.1**	375.0
Due after five years	**333.1**	286.0
	917.0	773.7

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 14 OTHER INVESTMENTS				
Unlisted investments	**116.1**	105.6	**–**	–
Investments in subsidiaries	**–**	–	**7,682.6**	6,827.3
	116.1	105.6	**7,682.6**	6,827.3
Movement in other investments				
Balance at the beginning of the year	**105.6**	109.7	**6,827.3**	5,086.4
Additions	**3.8**	–	**–**	141.1
Revaluation increment	**–**	–	**855.3**	1,599.8
Retranslation of foreign operations	**6.7**	(4.1)	**–**	–
Balance at the end of the year	**116.1**	105.6	**7,682.6**	6,827.3
NOTE 15 PAYABLES				
Current				
Trade, sundry creditors and accruals	**366.0**	391.6	**23.8**	59.4
Other payables to related entities	**11.3**	6.7	**2.4**	1.4
	377.3	398.3	**26.2**	60.8
Non Current				
Sundry creditors and accruals	**16.8**	104.6	**–**	30.9
	16.8	104.6	**–**	30.9
NOTE 16 INTEREST-BEARING LIABILITIES				
Current				
Unsecured				
Bank loans [1]	**–**	3.8	**–**	–
Secured				
Bank loans [4]	**393.4**	161.9	**–**	–
	393.4	165.7	**–**	–
Non Current				
Unsecured				
Bank loans [1]	**581.4**	161.3	**–**	–
Notes payable				
— US$ [2]	**1,637.8**	1,541.0	**–**	–
— € [3]	**647.4**	–	**–**	–
Finance leases	**100.7**	96.4	**–**	–
Secured				
Bank loans [4]	**4,464.9**	4,427.9	**–**	–
	7,432.2	6,226.6	**–**	–

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 16 INTEREST-BEARING LIABILITIES CONTINUED				
The maturity profile in respect of interest bearing liabilities (excluding redeemable preference shares) is set out below:				
Due within one year	**393.4**	165.7	**–**	–
Due between one and five years	**3,055.7**	2,501.2	**–**	–
Due after five years	**4,376.5**	3,725.4	**–**	–
	7,825.6	6,392.3	**–**	–

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer Note 29(a) for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

(1) These instruments are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(2) **Notes payable – US$**
Guaranteed Senior Notes of US$2,600.0 million were issued in the US 144A bond market in 2004 by the Westfield Group. The issue comprised US$1,400.0 million and US$700.0 million fixed rate notes maturing 2014 and 2010 respectively and US$500.0 million floating rate notes maturing 2007. The Group was assigned US$1,200.0 million, comprising US$850.0 million and US$100.0 million fixed rate notes maturing 2014 and 2010 respectively and US$250.0 million floating rate notes maturing 2007. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(3) **Notes payable – €**
Guaranteed Notes of €600.0 million were issued in the European bond market in 2005 by the Westfield Group. The issue comprised €600.0 million fixed rate notes maturing 2012, of which the Group was assigned €400.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(4) **Secured liabilities**
Current and Non Current Secured liabilities is $4,858.3 million (31 December 2004: $4,589.8 million). Secured liabilities are borrowings secured by mortgages over properties that have an aggregate value of $12.1 billion (31 December 2004: $10.2 billion). These properties are as follows: Annapolis, Belden Village, Century City, Chesterfield, Citrus Park, Crestwood, Department Stores, Downtown Plaza, Eagle Rock, Eastland, Enfield, Fox Hills, Fox Valley, Franklin Park, Galleria at Roseville, Gateway, Hawthorn, Horton Plaza, Independence, Louis Joliet, Main Place, Meriden, Mid Rivers, Mission Valley, Mission Valley West, Northwest, Old Orchard Centre, Parkway, Plaza Bonita, Richland, San Francisco Center, Santa Anita, Solano, South County, South Shore, Southcenter, Southlake, Southpark, Vancouver, West County, West Covina and West Park.

The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Consolidated	
	31 Dec 05 $million	31 Dec 04 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**12,639.9**	12,295.9
Amounts utilised	**(7,858.4)**	(6,449.0)
Available financing facilities	**4,781.5**	5,846.9
Cash	**32.7**	158.5
Financing resources available at the end of the year	**4,814.2**	6,005.4
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**393.4**	165.7
Due between one year and five years	**7,870.0**	5,508.8
Due after five years	**4,376.5**	6,621.4
	12,639.9	12,295.9

These facilities comprise fixed and floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude redeemable preference shares set out in Note 17.

Amounts utilised include overdraft, borrowings and bank guarantees.

The Group as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $4,781.5 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

	Consolidated	
	31 Dec 05 $million	31 Dec 04 $million

NOTE 17 OTHER FINANCIAL LIABILITIES

Redeemable Preference Shares		
Convertible redeemable preference shares [1]	444.4	163.2
Other redeemable preference shares/units [2]	2,722.1	139.6
	3,166.5	302.8

[1] **Convertible redeemable preference shares ("CPS")**

The CPS that were issued in August and December 1998 were issued at a price of US$180.00 each and are not quoted on any stock exchange.

The holders of the Series D CPS and Series G CPS are entitled to receive an annual dividend equal to the greater of (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; and (ii) the US$ equivalent of the distribution on the number of stapled securities into which the preference shares are then exchangeable.

Each Series G CPS is convertible into 10 shares of Series A common stock ("Series A common shares") in WEA (subject to adjustment for dilution etc). The Series G CPS are entitled to one-tenth of a vote per Series G CPS on all matters submitted to a vote of the holders of the common shares and Series A common shares in WEA. The Series A common shares will pay a dividend equal to the US$ equivalent of the distribution on the number of stapled securities into which such Series A common shares are then exchangeable. The holders of the Series A common shares will be entitled to 1.10 votes per share on all matters submitted to a vote of the holders of WEA common shares.

While not a term of the Series G CPS, the original holder of the Series G CPS can, subject to certain conditions, require WEA to redeem a number of the Series G CPS or Series A common shares, or a combination thereof, on the last business day of May of 2005 and each year thereafter in an amount up to US$25 million at any one time. During the period no Series G CPS were redeemed by WEA pursuant to the arrangement. The maximum aggregate amount which may be redeemed pursuant to the exercise of these rights is US$77,096,700.

Security Capital Preferred Growth Incorporated ("SCPG") held 428,315 (31 December 2004: 428,315) shares of Series G CPS and 428,315 Series G Special Options. Each Special Option allows SCPG to exchange 1 Series G CPS for 34.6632 stapled securities.

Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business day of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.

The Series D and Series G CPS are redeemable by WEA at any time after 12 August 2008 at 100% of the liquidation preference. If WEA is wound up, Series G CPS will carry with it a liquidation preference of US$180.00.

[2] **Other Redeemable Preference Shares/Units**

The other redeemable preference shares/units comprise: (i) Partnership interest in the Urban Shopping Centres, L.P. ("the Urban OP"); (ii) Series G Partnership Preferred Units ("Series G Units") issued to the Jacobs Group; (iii) Series H Partnership Preferred Units ("Series H Units"); (iv) a Preferred Partnership interest in Head Acquisition L.P. ("Head LP"); (v) Series I Partnership Preferred Units ("Series I Units"); and (vi) financial instruments classified as debt under AIFRS.

In connection with the acquisition of RNA, WEA, Rouse and Simon acquired a 94.44% general partnership interest of Urban Shopping Centres, L.P. (the "Urban OP"). WEA's share of the general partnership interest is 52.7%. The 5.56% limited partnership interest in the Urban OP is held by certain third party investors (the "Limited Partners"). The Limited Partners have 1,946,080 units and the right to sell their units in the Urban OP to the Urban OP at any time during the first calendar month of each calendar quarter beginning 8 November 2005 or on or prior to the first anniversary of the date of the death of such Limited Partner for cash.

The Limited Partners have the right to receive quarterly distributions from available cash of the Urban OP in accordance with a tiered distribution schedule. If the partners do not receive a certain level of distributions, interest accrues at a rate of 8% per annum on the unpaid distributions.

The Jacobs Group holds 13,391,343 Series G Units in the Operating Partnership. The holder has the right that requires WEA to purchase up to 10% of the units redeemed for cash.

The former partners in the San Francisco Centre hold 360,000 Series H Units in the Operating Partnership. The Series H Units are entitled to receive quarterly distributions equal to US$1.4944 per Series H Unit.

For each year beginning 2005, at any time after 15 February and prior to 15 May, the holders of the Series H Units may elect to have the Operating Partnership make a cash distribution on all Series H Units of US$73.1178 per Series H Unit on 30 June of such year. For each year beginning 2006, at any time after 15 May and prior to 15 August, the Partnership may elect to make a cash distribution on all Series H Units of US$75.361 per Series H Units on 30 September of such year. Each such distribution is a "Special Distribution". On the date the Special Distribution is due and payable, each Series H Unit automatically converts into one Series H-1 Partnership Preferred Unit (a "Series H-1 Unit").

Each Series H-1 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-1 units are issued (the "Base Year") and for each calendar quarter thereafter, US$0.125 multiplied by a Growth Factor. The Growth Factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

On 16 September 2003, WEA sold its entire interest in WEA HRE-Abbey, Inc. In connection with the transaction, the acquiror has a preferred limited partner interest in Head L.P. and receives a rate of return per annum equal to 3-month LIBOR plus 0.90%.

On 21 July 2005, the Operating Partnership issued 1,401,426 Series I units in connection with the acquisition of the Sunrise Mall. At any time after the earlier of (i) 21 July 2007, (ii) dissolution of the Operating Partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the Operating Partnership to redeem its Series I units, at WAT's discretion, either for cash or stapled securities or a combination of both.

Upon application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" a number of financial instruments previously treated as equity are now classified as debt. These comprise: (a) certain partnership preferred units and investor unit rights in the Operating Partnership; (b) limited partnership interests in certain properties; (c) Series F Preferred shares; and (d) foreign currency denominated common shares convertible into stapled securities.

The Partnership preferred units and investor unit rights have a fixed life and are able to be redeemed in cash. The limited partnership interests have a fixed life.

The Series F preferred shares are able to be redeemed in cash and are able to be converted into stapled securities with the exercise of Series F-Special Options (refer note 20).

The foreign currency denominated common shares are able to be converted into stapled securities with the exercise of either Series H-Special Options or Series I-Special Options (refer note 20).

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 18 DERIVATIVE LIABILITIES				
Current				
Deferred gain on forward exchange contracts	–	174.7	–	174.7
Payables under forward exchange contracts	–	4.4	–	4.4
	–	179.1	–	179.1
Non Current				
Payable under cross currency contracts from related entities	**45.9**	–	**45.9**	–
Deferred gain on forward exchange contracts	–	299.7	–	299.7
Payables under forward exchange contracts	–	4.6	–	4.6
Payables under interest rate contracts	**140.1**	–	–	–
	186.0	304.3	**45.9**	304.3

	Units	Units	**Units**	Units
NOTE 19 CONTRIBUTED EQUITY				
a) Number of securities on issue				
Balance at the beginning of the year	**1,766,183,754**	3,670,205,709	**1,766,183,754**	3,670,205,709
Distribution reinvestment plan	**27,687,649**	105,344,437	**27,687,649**	105,344,437
Units issued on exercise of options	**37,397,010**	38,114	**37,397,010**	38,114
Units issued to implement the Merger				
— consolidation of units pursuant to terms of the Merger	–	(3,209,209,866)	–	(3,209,209,866)
— issue of restructured WAT units	–	1,199,805,360	–	1,199,805,360
Balance at the end of the year	**1,831,268,413**	1,766,183,754	**1,831,268,413**	1,766,183,754

Stapled securities have the right to receive distributions from WAT, distributions from WT and dividends from WHL and, in the event of winding up of WAT, WT and WHL, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares or units in accordance with the Corporations Act either in person or by proxy, at a meeting of either WAT, WT and WHL (as the case may be).

	$million	$million	**$million**	$million
b) Amount of contributed equity				
Balance at the beginning of the year	**5,647.4**	5,425.3	**5,241.4**	4,945.3
Application of AASB 132 and 139 effective 1 January 2005	**74.0**	–	–	–
Distribution reinvestment plan	**190.7**	187.5	**190.7**	187.5
Conversion of options	**146.5**	(73.5)	**146.5**	0.5
Special capital distribution	–	(34.0)	–	(34.0)
Stapling distributions - return of capital	–	(488.1)	–	(488.1)
Securities issued to implement the Merger	–	630.2	–	630.2
Balance at the end of the year	**6,058.6**	5,647.4	**5,578.6**	5,241.4

Since the end of the year:

— 1,435,537 (31 December 2004: 10,267,941) stapled securities have been issued by the Westfield Group for a cash consideration of $19.4 million (31 December 2004: $137.1 million) as a consequence of the exercise of options, WAT's share is $5.6 million (31 December 2004: $39.3 million); and

— 9,516,698 (31 December 2004: 15,544,151) stapled securities have been issued by the Westfield Group for a cash consideration of $162.3 million (31 December 2004: $258.7 million) pursuant to the Westfield Group Distribution Reinvestment Plan, WAT's share is $65.4 million (31 December 2004 : $105.9 million).

	Note	31 Dec 05 Number of options	31 Dec 05 Weighted average exercise price $	31 Dec 04 Number of options	31 Dec 04 Weighted average exercise price $
NOTE 20 SHARE BASED PAYMENTS					
Options on issue					
— Stapling options-WHL (executive options)		**952,700**	**4.39**	1,233,600	4.23
— Stapling options-WHL (possfund options)		**–**	**–**	5,300,000	3.69
— WT 2009 options		**340,900**	**3.84**	850,000	3.84
— Series F Special options		**52,500**	**4.31**	52,500	2.96
— Series G Special options		**428,315**	**3.80**	428,315	2.61
— Series G1 Special options		**277,778**	**3.80**	277,778	2.61
— Series H Special options		**14,070,072**	**4.32**	14,070,072	2.97
— Series I Special options		**13,260,859**	**4.16**	13,260,859	2.87
		29,383,124	**16.81**	35,473,124	10.27
Movement in options on issue					
Balance at the beginning of the year		**35,473,124**	**10.27**	28,355,654	48.61
Movement in Executive options					
Options exercised during the year					
– extinguished by issuance of new shares		**(25,000)**	**4.32**	–	–
– extinguished by issuance of new shares for $nil consideration equal to the difference between market value and the exercise price		**(255,000)**	**4.87**	(102,500)	2.89
Options lapsed during the year		**(900)**	**–**	(143,800)	4.50
Movement in Possfund options					
Options exercised during the year					
— cancelled for $nil consideration		**(5,300,000)**	**3.69**	(2,650,000)	3.69
Movement in Series G Special Options					
Options exercised during the year					
— cancelled for $nil consideration		**–**	**–**	(266,130)	2.61
Movement in WT 2009 Options					
Options exercised during the year					
— extinguished by issuance of new shares		**(509,100)**	**3.84**	–	–
Options contributed by WAT pursuant to the Merger					
Executive options		**–**	**–**	1,479,900	4.17
Possfund options		**–**	**–**	7,950,000	3.69
WT 2009 options		**–**	**–**	850,000	3.84
Balance at the end of the year [1]		**29,383,124**	**16.81**	35,473,124	10.27

[1] At 31 December 2005, the 29,383,124 (31 December 2004: 35,473,124) options on issue were convertible to 143,969,955 (31 December 2004: 187,562,898) Westfield Group securities.

NOTE 20 SHARE BASED PAYMENTS CONTINUED

i) WHL Options
The options issued to WHL were in relation to options WHL had issued to its executives (ie. 1,479,900 as at 16 July 2004) and to Possfund Custodian Trustee Limited ("Possfund") (ie. 7,950,000 as at 16 July 2004).

Executive options
Executive options balance at the beginning and end of the year

Issue date	Expiry date	Exercice price	Note	**Number exercisable at 31 Dec 05**	**Number on issue at 31 Dec 05**	Number exercisable at 31 Dec 04	Number on issue at 31 Dec 04
10 Apr 2000	10 Apr 2005	$2.675	(a)	–	–	25,000	50,000
22 Sep 2000	22 Sep 2005	$3.602	(a)	–	–	55,000	110,000
22 Dec 2000	22 Dec 2005	$4.078	(a)	–	–	10,000	20,000
30 Apr 2001	30 Apr 2006	$3.740	(a)	**25,000**	**50,000**	12,500	50,000
6 Aug 2001	6 Aug 2006	$4.319	(a)	**115,000**	**317,500**	101,250	405,000
12 Nov 2001	12 Nov 2006	$4.982	(a)	**50,000**	**100,000**	25,000	100,000
20 Mar 2002	20 Mar 2007	$4.919	(a)	**18,750**	**75,000**	–	75,000
25 Oct 2002	25 Oct 2007	$3.705	(a)	**24,000**	**59,000**	–	71,500
20 Dec 2002	20 Dec 2007	$3.961	(a)	**8,750**	**35,000**	–	35,000
19 Aug 2003	19 Aug 2008	$4.477	(a)	–	**30,000**	–	30,000
1 Sep 2003	1 Sep 2008	$4.466	(a)	–	**233,800**	–	233,800
1 Sep 2003	1 Sep 2008	$0.000	(b)	–	**2,400**	–	3,300
13 Nov 2003	13 Nov 2008	$4.250	(a)	–	**50,000**	–	50,000
				241,500	**952,700**	228,750	1,233,600

a) Under the terms of the Westfield Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the third anniversary of their respective grant dates, 25% of these options may be exercised at any time after the fourth anniversary of the grant dates and the remaining 50% of these options may be exercised on the fifth anniversary of their grant dates.

b) Under the terms of the Westfield Executive Performance Share Plan under which these awards were granted, 25% of these awards may be exercised at any time after the third anniversary of their respective grant dates, 25% of these awards may be exercised at any time after the fourth anniversary of the grant dates and the remaining 50% of these awards may be exercised on the fifth anniversary of their grant dates.

Under the rules of the Westfield Executive Option Plan and the Westfield Executive Performance Share Plan the exercise of an Executive option can be satisfied in one of the following ways:

i) issuing or transferring a Westfield Group stapled security to the Executive option or award holder;

ii) paying the Executive option or award holder an amount equal to the difference between the market value of a Westfield Group stapled security as at the date of exercise (determined under section 139FA of the Income Tax Assessment Act 1936) and the exercise price for the Executive option ("Profit Element"); or

iii) issuing or transferring Westfield Group stapled securities to the Executive option holder equal to the value of the Profit Element.

These options and awards have no entitlement to dividends/distributions of the Westfield Group.

The Parent Entity and the Responsible Entity of WT have each granted options to WHL to enable WHL to satisfy its obligations to deliver the stapled securities to the holders of the Executive options on exercise of that Executive option. The exercise price payable by WHL to the Parent Entity is as shown in the above table (being 28.7% of the exercise price of this WHL option).

ii) Possfund Options
On 10 February 2005 Possfund exercised 5,300,000 options at an exercise price of $12.84. Under the terms of the Possfund option agreement, the exercise of the options was extinguished by WHL paying $22,434,370 to Possfund, being the difference between the volume weighted average trading price for the 20 business days preceding 10 February 2005 and the exercise price of the options.

The options issued by the Parent Entity to WHL, to enable WHL to deliver stapled securities on the exercise of a Possfund option, have lapsed due to the extinguishment of the Possfund options on issue (as noted above).

iii) WT 2009 Options
On 16 July 2004, WAT issued options to WT in relation to options issued by WT to Deutsche Bank AG Sydney Branch ("WT 2009 Options"). The WT 2009 Options are exercisable at any time between 1 January 2004 and 5 January 2009. Any financial liability associated with these options is recorded in WT.

The strike price of a WT 2009 Option is $13.3928 and the exercise property is stapled securities. The number of stapled securities to be issued on exercise of a WT 2009 Option will be calculated by dividing $1,000 being the exercise price of the option by the strike price (as may be amended from time to time). The WT 2009 Option terms exclude capital distributions of project profits triggering an adjustment to the strike price. Under the terms of the WT 2009 Options, the Responsible Entity of WT may elect to satisfy the exercise of an option by making payment to the holder of the option of an amount in Australian dollars instead of delivering stapled securities. The cash amount is calculated by reference to the volume weighted average sale price per stapled security over a 10 day period (adjusted for distributions) to which the relevant holder of a WT 2009 Option would have been entitled.

The exercise price payable by WT to the Parent Entity is $287.00 (28.7% of the exercise price of the WT 2009 Option).

During the year, Deutsche Bank exercised 509,100 WT 2009 Options. The options were extinguished by the issuance of 37,304,860 stapled securities at a weighted average issued price of $17.02. WAT's share of this issue price was $3.92.

NOTE 20 SHARE BASED PAYMENTS CONTINUED

iv) Series F – Special Options
The Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. Each Series F Special Option entitles the holder the right to be issued 157.35 fully paid stapled securities in exchange for either US$1,000 ($1,364.82) or 1 Series F Cumulative Preferred Stock ('Series F Preferred Share') in WEA. As at 31 December 2005 (and 31 December 2004), there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 stapled securities.

As the Series F special options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

v) Series G – Special Options
The Series G Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G Special Option entitles the holder to deliver a Series G CPS (or the number of Series A common shares into which a Series G CPS has been converted). On exercise the holder of a Series G Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series G CPS, the holder delivers the number of WEA Series A common shares into which a Series G CPS have been converted. As at 31 December 2005 (and 31 December 2004), there were 428,315 Series G Special Options on issue which are exchangeable for 14,846,769 stapled securities.

As the Series G special options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

vi) Series G1 – Special Options
The Series G1 Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G1 Special Option entitles the holder to deliver a Series D CPS (or the number of common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2005 (and 31 December 2004), there were 277,778 Series G Special Options on issue which are exchangeable for 9,628,687 stapled securities.

As the Series G1 special options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

vii) Series H – Special Options
The Series H Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049 stapled securities. As at 31 December 2005 (and 31 December 2004), there were 14,070,072 Series H Special Options on issue which are exchangeable for 42,900,564 stapled securities.

As the Series H special options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

viii) Series I – Special Options
The Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of WAT. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.1616 stapled securities. As at 31 December 2005 (and 31 December 2004), there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 stapled securities.

As the Series I special options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

ix) Stapling Options
At the time of the Merger, each of WAT, WHL and WT had options on issue. Pursuant to the Merger Implementation Deed, each of WAT, WHL and WT have issued options to each other to enable each entity to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

x) Other
Of the stapling options issued to WAT, 28,089,524 options remain from WT and the same from WHL to enable WAT to satisfy the delivery of a stapled security on exercise of the special options issued by WAT that are on issue.

The voting entitlements of the Special Options are determined in accordance with Section 253F of the Corporations Act 2001.

xi) Details of movements in options since 31 December 2005 and the date of this report

	Number of Options
Options on issue at 31 December 2005	29,383,124
Executive options	
— extinguished by issuance of new shares for $nil consideration equal to the difference between market value and the exercise price	(10,000)
— lapsed since the end of the year	(10,000)
WT 2009 Options	
— extinguished by issuance of new shares	(19,400)
Balance of options on issue at the date of this report	**29,343,724**

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 21 RESERVES				
Foreign currency translation reserve	**206.4**	289.9	**–**	–
Asset revaluation reserve	**–**	–	**–**	1,361.6
Balance at the end of the year	**206.4**	289.9	**–**	1,361.6
Movement in foreign currency translation reserve				
The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.				
Balance at the beginning of the year	**289.9**	–	**–**	–
Application of AASB 132 and 139 effective 1 January 2005	**27.3**	–	**–**	–
Foreign exchange movement				
— foreign entities	**472.3**	(205.5)	**–**	–
— foreign currency loans and derivatives	**(583.1)**	495.4	**–**	–
Balance at the end of the year	**206.4**	289.9	**–**	–
Movement in asset revaluation reserve				
The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.				
Balance at the beginning of the year	**–**	–	**1,361.6**	–
Application of AASB 132 and 139 effective 1 January 2005	**–**	–	**(1,361.6)**	–
Revaluation increment	**–**	–	**–**	1,626.1
Deferred tax expense	**–**	–	**–**	(264.5)
Balance at the end of the year	**–**	–	**–**	1,361.6
NOTE 22 RETAINED PROFITS				
Balance at the beginning of the year	**1,098.8**	(887.6)	**596.4**	(220.5)
Application of AASB 132 and 139 effective 1 January 2005	**(763.8)**	–	**1,040.0**	–
Profit after tax expense	**2,015.2**	2,278.2	**1,989.8**	1,108.7
Distributions paid	**(926.4)**	(291.8)	**(926.4)**	(291.8)
Balance at the end of the year	**1,423.8**	1,098.8	**2,699.8**	596.4
NOTE 23 CASH AND CASH EQUIVALENTS				
a) Components of cash and cash equivalents				
Cash	**32.7**	158.5	**0.7**	15.7
Total cash and cash equivalents	**32.7**	158.5	**0.7**	15.7
b) Reconciliation of profit after tax expense to net cash flows from operating activities				
Profit after tax expense	**2,015.2**	2,856.8	**1,989.8**	1,108.7
Property revaluation	**(1,345.9)**	(1,955.8)	**–**	–
Fair value adjustment of investment in subsidiaries	**–**	–	**(1,860.8)**	–
Share of associates profit in excess of dividend	**(227.0)**	(510.2)	**–**	–
Goodwill on acquisitions (due to the recognition of deferred tax liabilities) written off	**10.1**	–	**–**	–
Mark to market of derivative instruments	**123.0**	–	**562.9**	–
Deferred tax expense	**280.5**	388.2	**287.6**	46.9
Borrowing costs	**287.4**	384.2	**–**	0.7
Interest income	**(25.9)**	(8.5)	**(294.4)**	(84.2)
Profit on disposal of non current assets	**(4.9)**	(5.0)	**–**	(6.8)
Merger charges	**–**	34.5	**–**	34.5
Write back of previously written down subsidiaries	**–**	–	**–**	(469.1)
Decrease/(increase) in other assets attributable to operating activities	**88.3**	(78.7)	**(31.9)**	(23.2)
Net cash flows from operating activities	**1,200.8**	1,105.5	**653.2**	607.5

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million

NOTE 24 DISTRIBUTIONS

a) Current year final/ prior year final distribution proposed

45% estimated tax advantaged [1][2]	**536.6**	473.7	**536.6**	473.7
	536.6	473.7	**536.6**	473.7

The final proposed distribution was paid on 28 February 2006. The record date for these distributions was 13 February 2006. The Westfield Group Distribution Reinvestment Plan (DRP) was in operation for the distribution paid on 28 February 2006. DRP securities issued during the period rank for distribution from the first day following the date on which they are issued.

b) Distributions paid during the period

Distribution in respect of the six months to 30 June [1]	**452.7**	291.8	**452.7**	291.8
Special capital distribution [1]	**–**	34.0	**–**	34.0
Distribution in respect of the six months to 31December 2004	**473.7**	–	**473.7**	–
Distribution in respect of the six months to 31 December 2003	**–**	573.6	**–**	573.6
Total distribution paid / proposed	**926.4**	899.4	**926.4**	899.4

[1] Total distribution proposed/paid for the year was $989.3 million (31 December 2004: $799.5 million).
[2] The estimated tax advantaged component reduces the cost base of Members' units. If the cost base is reduced to $nil any remaining tax advantaged amounts may be taxable as capital gains.

The distribution per unit for the half year ended 30 June 2005 was A25.16 cents equivalent to US15.73 cents. The distribution per unit for the half year ended 31 December 2005 is A29.37 cents equivalent to US18.36 cents.

NOTE 25 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the property owned by the Group is leased to third-party retailers under operating leases as at 31 December 2005. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues receivable under non-cancellable operating leases as at 31 December 2005 and 31 December 2004 are as follows:

	Consolidated	
	31 Dec 05 $million	31 Dec 04 $million
Due within one year	**948.4**	809.9
Due between one and five years	**2,993.6**	2,468.2
Due after five years	**2,331.9**	1,883.0
	6,273.9	5,161.1

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include recovery of outgoings.

NOTE 26 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure commitments contracted at balance date but not provided for		
Due within one year	**619.5**	441.1
Due between one and five years	**246.6**	82.2
Due after five years	**–**	–
	866.1	523.3

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million

NOTE 27 CONTINGENT LIABILITIES

Performance guarantees	**38.9**	66.3	**–**	–
Special tax assessment municipal bonds	**69.9**	65.8	**–**	–
Borrowings of associates of the Responsible Entity	**7,645.6**	3,846.4	**7,645.6**	3,846.4
Borrowings of subsidiaries	**–**	–	**2,866.4**	1,727.2
	7,754.4	3,978.5	**10,512.0**	5,573.6

From time to time, in the normal course of business, the Group is involved in lawsuits. The Directors of the Responsible Entity believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 28 SEGMENT INFORMATION

The Group operates solely as a retail property investor in the United States of America.

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS

a) (i) Summary of interest rate hedges

	Note	Consolidated 31 Dec 05 $million	31 Dec 04 $million
Interest payable			
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	16	**393.4**	165.7
Non current interest bearing liabilities	16	**7,432.2**	6,226.6
Share of equity accounted entities interest bearing liabilities	13(c)	**992.9**	804.0
Cross currency swaps			
— US$5,555.1 million (31 December 2004: US$5,060.0 million)	29(b)(i)	**7,581.7**	6,498.0
		16,400.2	13,694.3
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
— US$5,053.3 million (31 December 2004: US$4,971.4 million)	29(a)(ii)	**6,896.8**	6,384.2
— €400.0 million (31 December 2004: €nil)	29(a)(ii)	**647.4**	–
Fixed rate derivatives			
— US$5,241.8 million (31 December 2004: US$4,943.9 million)	29(a) (ii)	**7,154.0**	6,348.9
		14,698.2	12,733.1

Fixed rate derivatives in US$ are substantially comprised of interest rate derivatives related to US$ cross currency swaps disclosed above.

In addition to the above fixed rate liabilities the Group also had floating rate liabilities of $1,702.0 million (31 December 2004: $961.2 million) outstanding at 31 December 2005 at an average interest rate, including margin of 5.14% (31 December 2004: 3.14%).

Interest receivable			
Principal amounts of all interest bearing assets:			
Cross currency swaps			
— A$	29(b)(i)	**6,983.3**	6,993.5
— €400.0 million (31 December 2004: €nil)	29(b)(i)	**647.4**	–
— Loans receivable from related entities	11	**538.2**	251.6
		8,168.9	7,245.1
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
— A$	29(a)(ii)	**6,314.7**	6,907.7
— €400.0 million (31 December 2004: €nil)	29(a)(ii)	**647.4**	–
		6,962.1	6,907.7

In addition to the above fixed rate assets the Group also had floating rate assets of $1,206.8 million (31 December 2004: $337.4 million) outstanding at 31 December 2005 at an average interest rate, including margin of 6.21% (31 December 2004: 6.06%).

a) (ii) Interest rates

Notional principal or contract amounts of WAT's consolidated and share of equity accounted fixed rate debt and interest rate derivatives:

Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	Interest rate derivatives 31 Dec 05 Principal amount million	Interest rate derivatives 31 Dec 05 Average rate including margin	Fixed rate borrowings 31 Dec 05 Principal amount million	Fixed rate borrowings 31 Dec 05 Average rate including margin	Interest rate derivatives 31 Dec 04 Principal amount million	Interest rate derivatives 31 Dec 04 Average rate including margin	Fixed rate borrowings 31 Dec 04 Principal amount million	Fixed rate borrowings 31 Dec 04 Average rate including margin
Australian Dollar ("A$") receivable								
31 December 2004	–	–	–	–	A$6,907.7	6.30%	–	–
31 December 2005	**A$6,314.7**	**6.20%**	–	–	A$6,757.7	6.30%	–	–
31 December 2006	**A$5,241.4**	**6.54%**	–	–	A$5,241.4	6.64%	–	–
31 December 2007	**A$5,041.4**	**6.54%**	–	–	A$5,041.4	6.64%	–	–
31 December 2008	**A$5,041.4**	**6.54%**	–	–	A$5,041.4	6.64%	–	–
31 December 2009	**A$5,041.4**	**6.54%**	–	–	A$5,041.4	6.64%	–	–
31 December 2010	**A$3,737.2**	**6.60%**	–	–	A$3,737.2	6.71%	–	–
31 December 2011	**A$3,237.2**	**6.60%**	–	–	A$3,237.2	6.71%	–	–
31 December 2012	**A$2,487.2**	**6.60%**	–	–	A$2,487.2	6.70%	–	–
31 December 2013	**A$1,187.2**	**6.50%**	–	–	A$1,187.2	6.58%	–	–
31 December 2014	**A$200.0**	**6.23%**	–	–	A$200.0	6.35%	–	–

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

a) (ii) Interest rates Continued

Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	Interest rate derivatives 31 Dec 05 Principal amount million	Interest rate derivatives 31 Dec 05 Average rate including margin	Fixed rate borrowings 31 Dec 05 Principal amount million	Fixed rate borrowings 31 Dec 05 Average rate including margin	Interest rate derivatives 31 Dec 04 Principal amount million	Interest rate derivatives 31 Dec 04 Average rate including margin	Fixed rate borrowings 31 Dec 04 Principal amount million	Fixed rate borrowings 31 Dec 04 Average rate including margin
€ receivable / (payable)								
31 December 2005	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2006	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2007	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2008	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2009	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2010	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
31 December 2011	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	–	–	–	–
US Dollar ("US$") payable								
31 December 2004	**–**	**–**	**–**	**–**	US$(4,943.9)	4.15%	US$(4,971.4)	6.15%
31 December 2005	**US$(5,241.8)**	**4.24%**	**US$(5,053.3)**	**6.14%**	US$(5,248.2)	4.23%	US$(4,911.6)	6.15%
31 December 2006	**US$(4,901.6)**	**5.81%**	**US$(4,712.2)**	**6.15%**	US$(4,908.1)	5.82%	US$(4,576.4)	6.14%
31 December 2007	**US$(4,999.5)**	**5.92%**	**US$(4,549.2)**	**6.14%**	US$(5,006.0)	5.94%	US$(4,414.6)	6.13%
31 December 2008	**US$(4,660.1)**	**5.66%**	**US$(4,141.4)**	**6.15%**	US$(4,666.6)	5.72%	US$(4,007.9)	6.14%
31 December 2009	**US$(4,759.4)**	**5.84%**	**US$(3,274.9)**	**5.97%**	US$(4,765.9)	5.96%	US$(3,142.7)	5.97%
31 December 2010	**US$(3,859.1)**	**6.11%**	**US$(3,044.1)**	**5.96%**	US$(3,865.3)	6.23%	US$(2,913.2)	5.96%
31 December 2011	**US$(3,099.0)**	**6.01%**	**US$(2,140.2)**	**5.41%**	US$(3,104.9)	6.12%	US$(2,010.7)	5.36%
31 December 2012	**US$(2,049.0)**	**5.97%**	**US$(1,746.8)**	**5.24%**	US$(2,054.6)	6.11%	US$(1,618.9)	5.17%
31 December 2013	**US$(1,235.0)**	**5.86%**	**US$(1,256.2)**	**5.25%**	US$(1,240.2)	6.05%	US$(1,118.9)	5.12%
31 December 2014	**US$(125.0)**	**5.35%**	**US$(143.0)**	**6.51%**	US$(129.9)	4.96%	US$(5.7)	7.00%
31 December 2015	**–**	**0.00%**	**US$(84.1)**	**7.62%**	–	–	–	–

b) Exchange rates

i) Cross currency swaps in respect of WAT's foreign currency assets and liabilities

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 05	Weighted average exchange rate 31 Dec 04	Principal amount (payable)/receivable 31 Dec 05 million	Principal amount (payable)/receivable 31 Dec 05 million	Principal amount (payable)/receivable 31 Dec 04 million	Principal amount (payable)/receivable 31 Dec 04 million
US$						
Contracts to receive A$ and pay US$						
31 December 2004	**–**	0.7235	**–**	**–**	A$6,993.5	US$(5,060.0)
31 December 2005	**0.7260**	0.7235	**A$6,983.3**	**US$(5,070.0)**	A$6,993.5	US$(5,060.0)
31 December 2006	**0.7260**	0.7235	**A$6,983.3**	**US$(5,070.0)**	A$6,993.5	US$(5,060.0)
31 December 2007	**0.7259**	0.7233	**A$6,771.2**	**US$(4,915.0)**	A$6,781.4	US$(4,905.0)
31 December 2008	**0.7250**	0.7233	**A$6,586.5**	**US$(4,775.0)**	A$6,781.4	US$(4,905.0)
31 December 2009	**0.7268**	0.7251	**A$5,744.1**	**US$(4,175.0)**	A$5,743.8	US$(4,165.0)
31 December 2010	**0.7224**	0.7224	**A$4,069.7**	**US$(2,940.0)**	A$4,069.7	US$(2,940.0)
31 December 2011	**0.7231**	0.7231	**A$3,581.9**	**US$(2,590.0)**	A$3,581.9	US$(2,590.0)
31 December 2012	**0.7240**	0.7240	**A$2,721.1**	**US$(1,970.0)**	A$2,721.1	US$(1,970.0)
31 December 2013	**0.7270**	0.7270	**A$1,801.8**	**US$(1,310.0)**	A$1,801.9	US$(1,310.0)
Contracts to receive € and pay US$						
31 December 2005	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2006	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2007	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2008	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2009	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2010	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–
31 December 2011	**1.2128**	–	**€400.0**	**US$(485.1)**	–	–

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

b) Exchange rates Continued

ii) Forward exchange contracts to hedge WAT's foreign currency income

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate **31 Dec 05**	Weighted average exchange rate 31 Dec 04	**31 Dec 05 million**	**31 Dec 05 million**	31 Dec 04 million	31 Dec 04 million
US$						
Contracts to buy A$ and sell US$						
31 December 2005	**–**	0.4832	**–**	**–**	A$448.5	US$(216.7)
31 December 2006	**0.4856**	0.4856	**A$372.3**	**US$(180.8)**	A$372.3	US$(180.8)
31 December 2007	**0.5300**	0.5300	**A$336.6**	**US$(178.4)**	A$336.6	US$(178.4)
31 December 2008	**0.6614**	0.6243	**A$298.4**	**US$(197.4)**	A$192.2	US$(120.0)
31 December 2009	**0.7106**	0.6932	**A$245.9**	**US$(174.7)**	A$85.4	US$(59.2)
31 December 2010	**0.7126**	–	**A$109.5**	**US$(78.0)**	–	–

iii) Foreign Currency Options to hedge WAT's balance sheet

Forward currency option contracted maturing during the year ended	Weighted average exchange rate **31 Dec 05**	Weighted average exchange rate 31 Dec 04	**31 Dec 05 million**	**31 Dec 05 million**	31 Dec 04 million	31 Dec 04 million
US$						
Contracts to sell A$ and buy US$						
31 December 2006	**0.7224**	–	**A$(4,775.5)**	**US$3,450.0**	–	–
31 December 2006	**0.7944**	–	**A$(4,342.8)**	**US$3,450.0**	–	–

The foreign currency options will be exercised by the Group at maturity if the AUD/USD exchange rate is below the Bought AUD Put / USD Call exchange rate and the Sold AUD Call / USD Put will lapse. The foreign currency options will be exercised against the Group at maturity if the AUD/USD exchange rate is above the Sold AUD Call / USD Put exchange rate and the Bought AUD Put / USD Call will lapse.

c) Credit risks

In accordance with the policies determined by the Board of the Responsible Entity, credit risk is spread among a number of creditworthy counterparties within specified limits. At 31 December 2005, the Group had 60% of its aggregate credit risk spread over three counterparties each with an S&P long term rating of AA- or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher. The aggregate credit risk in respect of derivative financial instruments is $720.0 million (31 December 2004: $1,146.5 million).

NOTE 30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

	Fair value **31 Dec 05 $million**	Fair value 31 Dec 04 $million	Carrying amount **31 Dec 05 $million**	Carrying amount 31 Dec 04 $million
Consolidated assets				
Cash and cash equivalents	**32.7**	158.5	**32.7**	158.5
Trade receivables [1]	**23.0**	20.2	**23.0**	20.2
Derivative assets	**505.0**	978.8	**505.0**	978.8
Receivables [1]	**600.8**	423.3	**600.8**	423.3
Consolidated liabilities				
Payables [1]	**394.1**	502.9	**394.1**	502.9
Interest bearing liabilities				
— Fixed rate debt	**6,986.7**	5,989.6	**6,834.4**	5,671.0
— Floating rate debt	**991.2**	718.1	**991.2**	718.1
Other financial liabilities	**3,166.5**	302.8	**3,166.5**	302.8
Derivative liabilities	**186.0**	647.2	**186.0**	483.4
Parent Entity assets				
Cash and cash equivalents	**0.7**	15.7	**0.7**	15.7
Derivative assets	**609.8**	984.1	**609.8**	978.8
Parent Entity liabilities				
Payables [1]	**26.2**	91.7	**26.2**	91.7
Derivative liabilities	**45.9**	483.4	**45.9**	483.4

[1] These financial assets and liabilities are not subject to interest rate risk.
[2] The net fair value of equity accounted financial assets and liabilities exceeded the carrying value amount by $11.5 million (31 December 2004: $34.6 million).

	Consolidated	
	31 Dec 05 'million	31 Dec 04 'million
NOTE 31 UNHEDGED FOREIGN CURRENCY NET ASSETS		
US$ denominated net assets before deferred tax	**US$458.9**	US$339.8
US$ deferred tax	**US$(957.4)**	US$(690.7)
US$ denominated net assets	**US$(498.5)**	US$(350.9)

The foreign currency denominated net assets set out above have been determined after taking into account the cross currency swap principal amounts in Note 29(b)(i).

	Consolidated	
	31 Dec 05 $000	31 Dec 04 $000
NOTE 32 AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors of the Parent Entity for:		
— Audit or review of the financial reports	**336**	421
— Assurance and compliance services	**16**	15
— Technical accounting advice and services	**–**	153
— Independent Accountants Report relating to Merger	**–**	1,456
— Independent Accountants Report relating to section 144A bond issue	**–**	337
— Other services	**–**	43
	352	2,425
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
— Audit or review of the financial reports	**1,212**	1,273
— Assurance and compliance services	**315**	281
— Taxation advice and compliance	**192**	302
— Other services	**17**	404
	1,736	2,260
	2,088	4,685

NOTE 33 RELATED PARTY TRANSACTIONS

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Group is set out in this note unless disclosed elsewhere in this financial report.

The Group forms part of the Westfield Group and the related party disclosures for the Westfield Group have the same applicability to it. As such while the related party disclosures below make reference to the Westfield Group, they also relate to the Group.

a) Nature of relationship with related parties

i) Group

Key Management Personnel of the entity
Details of Key Management Personnel are disclosed in note 35.

Other Related Parties
LFG Holdings Pty Limited, its related entities and other entities controlled by members of the Lowy family ('LFG') are considered to be related parties of the Westfield Group. This is due to LFG being under the control or significant influence of certain Directors of the Westfield Group, being Mr Frank Lowy, Mr David Lowy, Mr Peter Lowy and Mr Steven Lowy.

The Lowy Institute is considered to be a related party of the Westfield Group. This is due to this entity being under the control or significant influence of certain Directors of the Westfield Group, being Mr Frank Lowy, Mr David Lowy, Mr Peter Lowy and Mr Steven Lowy.

ii) Parent Entity

Subsidiaries
Details of Parent Entity interests in subsidiaries are disclosed in note 34.

Key Management Personnel of the entity
Details of Key Management Personnel are disclosed in note 35.

Other Related Parties
The related parties noted under the Group description above are also related parties of the Parent Entity.

NOTE 33 RELATED PARTY TRANSACTIONS CONTINUED

b) Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity
Remuneration of Key Management Personnel is disclosed in note 35.

The Westfield Group owns aircraft for business use by its executives. During the period LFG, Peter Lowy, David Lowy and Steven Lowy hired the aircraft (when the aircraft was not required for business use) and were charged for such usage by the Westfield Group. The rate used for determining the amounts charged was reviewed by an independent expert and determined to be an arm's length rate. Amounts charged to LFG and the Directors totalled $1,081,239 (2004: $262,080) during the period, and were payable on seven day terms.

Other Related Parties
The Westfield Group and LFG have entered into arrangements during the period regarding the Westfield Group's business use of LFG aircraft and related expenditure. These arrangements are on arm's length terms and they were reviewed by an independent expert. Details of these arrangements are:

— The Westfield Group entered into arrangements during the period regarding the use of aircraft owned by LFG. The charge for this aircraft was on normal arm's length rates. During the period the Westfield Group incurred costs amounting to $972,352 (2004: $Nil) in relation to the charter of the aircraft. Amounts charged are payable on seven day terms.

— The Westfield Group entered into an aircraft operation, maintenance and crew sharing agreement during the period with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance landing, engineering, insurance and aircrew services. During the period the Westfield Group charged LFG $159,564 (2004: $Nil) in relation to the provision of aircrew and maintenance services to LFG. Also during the period, the Westfield Group was charged $76,426 (2004: $Nil) for use of aircraft crew employed by LFG. Amounts charged are payable on seven day terms.

During the period the Westfield Group sold an aircraft to LFG for $28.2 million. Included in the operating result of the Westfield Group for the period is a net profit of $1.6 million relating to this sale. The sale was conducted via a formal process, which was overseen by Independent Director John B Studdy, Chairman of the Compliance Sub-Committee. The sale process was undertaken by Bombardier Aerospace Corporation, an independent broker and expert in the sale of such aircraft. As LFG made an offer that was superior to any offer made by a third party (both as to price and other terms), the sale of the aircraft was transacted with LFG.

LFG currently subleases premises from the Westfield Group. During the period $350,776 (2004: $148,262) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and payable on seven day terms.

During the period the Westfield Group provided telecommunication and security services to certain Executive Directors necessary for them to fulfill their responsibilities.

During the period the Westfield Group provided design and construction administrative services to The Lowy Institute for which it charged $15,959 (2004: $Nil), which was based on arm's length rates. Amounts charged are payable on seven day terms.

At year end the following amounts were recorded in the Westfield Group balance sheet as receivable with the following related parties:

Nature	Type	2005	2004
Owing from LFG	Current receivable	$36,653	$7,556

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the period. This above amount has since been paid.

The Responsible Entity, a subsidiary of WHL, is considered to be a related party of the Group.

WAT, WT and WHL transacted on normal commercial terms as stapled entities with respect to the following:
a) Property management fee
b) Advisory fees and Responsible Entity management fees
c) Reimbursement of expenses
d) Construction contract payments
e) Loans and financial derivatives

The Property management fee for the year ended 31 December 2005 was $48.3 million (31 December 2004: $48.5 million) of which $4.7 million was payable at 31 December 2005 (31 December 2004: $4.1 million).

The Advisory fee for the year ended 31 December 2005 was $10.9 million (31 December 2004: $20.3 million) of which $3.0 million was payable at 31 December 2005 (31 December 2004 : $nil).

The Responsible Entity management fee for the year ended 31 December 2005 was $2.8 million (31 December 2004: $1.3 million) of which $2.8 million (31 December 2004: $1.3 million) was payable at 31 December 2005.

Reimbursement of expenses to associates of the Responsible Entity were $92.8 million (31 December 2004: $83.3 million) for the year ended 31 December 2005 of which no amounts were payable at 31 December 2005 and 31 December 2004.

During the financial year, the Group paid $458.2 million (31 December 2004: $433.4 million) to the WHL Group in respect of expansion and redevelopment costs.

NOTE 33 RELATED PARTY TRANSACTIONS CONTINUED

b) Transactions and their terms and conditions with related parties Continued

Development Agreements
WEA and Westfield Corporation, Inc. entered into Development and Construction Agreements on 30 June 2005 for Westfield Shoppingtown Sarasota and Westfield Shoppingtown Southlake, on 29 August 2005 for Westfield Shoppingtown Brandon and Westfield Shoppingtown Capital, on 4 November 2005 for Westfield Shoppingtown Southpark and on 29 December 2005 for Westfield Shoppingtown Garden State Plaza.

Cross currency swaps with WT
WAT and WT entered into cross currency swaps on 3 November 2004. The terms, interest and principals amounts are as follows:

i) WAT pays to WT, on a quarterly basis, floating rate on a principal of US$80.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$107.4 million. The maturity date of this instrument is 2 November 2007;

ii) WAT pays to WT, on a semi-annual basis, a commercial fixed rate on a principal of US$600.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commerical fixed rate on a principal of A$804.2 million. The maturity date of this instrument is 15 November 2010.

iii) WAT pays to WT, on a semi-annual basis, a commercial fixed rate on a principal of US$550.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commerical fixed rate on a principal of A$737.2 million. The maturity date of this instrument is 15 November 2014.

On 18 January 2005, WAT and WT entered into two additional cross currency swaps. The terms, interest and principals amounts are as follows:

i) WAT pays to WT, on a quarterly basis, floating rate on a principal of US$140.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$184.7 million. The maturity date of this instrument is 5 February 2008.

ii) WAT pays to WT, on a quarterly basis, floating rate on a principal of US$210.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$277.0 million. The maturity date of this instrument is 5 February 2010.

Interest rate swap with WT
WAT and WT entered into an A$ interest rate swap on 13 December 2004 for the value of $200 million. WAT pays, on a quarterly basis, a commercial floating rate to WT and receives from WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a delayed start date of July 2006 and continues until February 2015.

Loan to WHL
During the year, WAT loaned $269.1 million (31 December 2004: $249.0 million) to WHL of which $nil (31 December 2004: $249.0 million) was receivable from WHL as at 31 December 2005. Interest accrues on this loan on a quarterly basis based on a floating rate.

Loan to WT
During the year, WAT loaned $753.4 million (31 December 2004: $nil) to WT of which $535.3 million (31 December 2004: $nil) was receivable from WT as at 31 December 2005. Interest accrues on this loan on a quarterly basis based on a floating rate.

NOTE 34 DETAILS OF CONSOLIDATED SUBSIDIARIES AND EQUITY ACCOUNTED ENTITIES

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic** [1] [2] **%**	**Consolidated %**	Economic [1] %	Consolidated %
Parent Entity					
Westfield America Trust	a d				
Consolidated Controlled Entities					
Westfield America, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America G.P., Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America GP LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America M.S., Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of Meriden Square, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of Annapolis, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of Bonita, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of Missouri, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of Vancouver, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield America of West Covina, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield WRI, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA Belden LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Brandon I GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Brandon II GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Century City GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Chesterfield LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Chicago Ridge, LLC	b d e	**100.0**	**100.0**	–	–
WEA Citrus GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Countryside GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Crestwood Plaza LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA CT Houses LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Eastridge GP, LLC	b d e	**100.0**	**100.0**	–	–
WEA Fox Valley GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Galleria GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Garden State Plaza GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Gateway LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Great Northern GP II, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Great Northern GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Great Northern Mall, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA GSP, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA Hawthorn Shopping Center GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Hawthorn Theatre MM, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA MainPlace GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Meriden Square LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Meriden Square No.2 LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Meriden Square No.3 LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Meriden Square, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA Midway LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA North Bridge LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA North County Fair LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA NY, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA NY II, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA NY Houses LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Old Orchard GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Richland LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA San Francisco GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Solano BB, LLC	b d e	**100.0**	**100.0**	–	–
WEA Southcenter LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Southlake LLC	b d e	**100.0**	**100.0**	80.2	100.0
WEA Southpark LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Manager LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Parcel LLC	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
Arch Real Estate LLC	b d e	**100.0**	**100.0**	80.2	100.0
Brandon Land Partners, Ltd.	b d e	**100.0**	**100.0**	80.2	100.0
Brandon Shopping Center Partners, Ltd.	b d e	**100.0**	**100.0**	80.2	100.0
Capital Mall Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Capital Mall Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
Capital Mall GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0

NOTE 34 DETAILS OF CONSOLIDATED SUBSIDIARIES AND EQUITY ACCOUNTED ENTITIES CONTINUED

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic** [1] [2] **%**	**Consolidated %**	Economic [1] %	Consolidated %
Consolidated Controlled Entities					
Capital Shopping Center LLC	b d e	**100.0**	**100.0**	80.2	100.0
Century City Mall, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Century City Mall Partners, LLC	b d e	**100.0**	**100.0**	80.2	100.0
CC Building GP LLC	b d e	**100.0**	**100.0**	80.2	100.0
Chesterfield Parcel LLC	b d e	**100.0**	**100.0**	80.2	100.0
CMF, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Connecticut Post Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Connecticut Post Mall No.2 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Crestwood Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Crestwood Plaza MM, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Downtown Plaza LLC	b d e	**100.0**	**100.0**	80.2	100.0
Downtown Plaza Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Eagle Rock Plaza LLC	b d e	**100.0**	**100.0**	80.2	100.0
Eagle Rock Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Eagle Rock Manager LLC	b d e	**100.0**	**100.0**	80.2	100.0
Eagle Rock Properties, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Eastland Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Eastland Manager LLC	b d e	**100.0**	**100.0**	80.2	100.0
Enfield Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Enfield Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Enfield Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
Enfield Square, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Enfield Square LLC	b d e	**100.0**	**100.0**	80.2	100.0
Fashion Square, LLC	b d e	**100.0**	**100.0**	80.2	100.0
FH Financing LLC	b d e	**100.0**	**100.0**	80.2	100.0
Fox Hills Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Fox Hills Mall, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Fox Valley Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Franklin Park Parcel LLC	b d e	**100.0**	**100.0**	80.2	100.0
Growth Head GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
GSP Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Hawthorn Theatre LLC	b d e	**100.0**	**100.0**	80.2	100.0
Horton Plaza, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Horton Plaza Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Horton Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
Independence Mall Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Louis Joliet Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
MainPlace Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
Meriden Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Meriden Square #1 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Meriden Square #2 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Meriden Square #3 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Land Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers MM, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Land, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Land LLC II	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mid Rivers Office Development I, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Mission Valley Center LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mission Valley Manager LLC	b d e	**100.0**	**100.0**	80.2	100.0
Mission Valley Finance Corporation	b d e	**100.0**	**100.0**	80.2	100.0
Montgomery Mall Properties, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Northwest Mall Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Northwest Plaza MM, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Northwest Plaza LLC	b d e	**100.0**	**100.0**	80.2	100.0
Oakridge Mall, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Parkway Plaza Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Parkway Plaza, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
Plaza Camino Real LLC	b d e	**100.0**	**100.0**	80.2	100.0

NOTE 34 DETAILS OF CONSOLIDATED SUBSIDIARIES AND EQUITY ACCOUNTED ENTITIES CONTINUED

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic** [1] [2] **%**	**Consolidated %**	Economic [1] %	Consolidated %
Consolidated Controlled Entities					
Plaza West Covina, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Residential Real Estate I LLC	b d e	**100.0**	**100.0**	80.2	100.0
Residential Rental and Investments, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Roseville Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
Santa Anita GP LLC	b d e	**100.0**	**100.0**	80.2	100.0
Sarasota Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
Sargent Drive Acquisition LLC	b d e	**100.0**	**100.0**	80.2	100.0
Sargent Drive Holding LLC	b d e	**100.0**	**100.0**	80.2	100.0
South County Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
South County Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
South County Center LLC	b d e	**100.0**	**100.0**	80.2	100.0
South County Post Office LLC	b d e	**100.0**	**100.0**	80.2	100.0
South County Properties, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Southgate Plaza LLC	b d e	**100.0**	**100.0**	80.2	100.0
South Shore Mall Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
South Shore Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
South Shore Manager LLC	b d e	**100.0**	**100.0**	80.2	100.0
SSM Land LLC	b d e	**100.0**	**100.0**	80.2	100.0
St. Louis Assets, LLC	b d e	**100.0**	**100.0**	–	–
Sunrise Mall LLC	b d e	**100.0**	**100.0**	–	–
Topanga Center, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Topanga Plaza Owner LLC	b d e	**100.0**	**100.0**	80.2	100.0
Trumbull Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Trumbull Shopping Center # 1 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Trumbull Shopping Center # 2 LLC	b d e	**100.0**	**100.0**	80.2	100.0
Trumbull Department Stores, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
UC Century Genpar, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Urban Roseville LLC	b d e	**100.0**	**100.0**	80.2	100.0
Vancouver Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
Vancouver Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
Vancouver Mall II LLC	b d e	**100.0**	**100.0**	80.2	100.0
WAP HC, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
WEA VTC LP, LLC	b d e	**100.0**	**100.0**	–	–
WEA VTC GP, LLC	b d e	**100.0**	**100.0**	–	–
West County Holdings LLC	b d e	**100.0**	**100.0**	80.2	100.0
West County Shoppingtown LLC	b d e	**100.0**	**100.0**	80.2	100.0
West County Center LLC	b d e	**100.0**	**100.0**	80.2	100.0
West Covina Holdings II LLC	b d e	**100.0**	**100.0**	80.2	100.0
West Park Mall, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
West Park Mall LLC	b d e	**100.0**	**100.0**	80.2	100.0
West Park GP, LLC	b d e	**100.0**	**100.0**	80.2	100.0
West Valley Development LLC	b d e	**100.0**	**100.0**	80.2	100.0
Agoura Hills Acquisition LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Beneficiary 1, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Beneficiary 2, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Branding LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Centers LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Century City TRS, Inc.	b d e	**75.0**	**100.0**	60.2	100.0
Westfield Emporium LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Franklin Park Mall, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Franklin Park II, LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Franklin Park Mezz II LLC	b d e	**100.0**	**100.0**	–	–
Westfield Garden State LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Independence LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Louis Joliet, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Management, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield MerchantWired, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Mission Valley Corporation	b d e	**100.0**	**100.0**	80.2	100.0
Westfield North Bridge Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield San Francisco LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westfield San Francisco TRS, Inc.	b d e	**75.0**	**100.0**	60.2	100.0
Westfield Subsidiary REIT 1, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Subsidiary REIT 2, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westfield Urban Preferred LLC	b d e	**100.0**	**100.0**	80.2	100.0

NOTE 34 DETAILS OF CONSOLIDATED SUBSIDIARIES AND EQUITY ACCOUNTED ENTITIES CONTINUED

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic** [1] [2] **%**	**Consolidated %**	Economic [1] %	Consolidated %
Consolidated Controlled Entities					
Westfield Urban TRS, Inc.	b d e	**75.0**	**100.0**	60.2	100.0
Westfield WTC Holding LLC	b d e	**100.0**	**100.0**	80.2	100.0
Westland Milford Properties, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westland Partners, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westland Properties, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Westland Town Center LLC	b d e	**100.0**	**100.0**	80.2	100.0
Wheaton Plaza No.1 LLC	b d e	**100.0**	**100.0**	80.2	100.0
WPI Meriden Square, Inc.	b d e	**100.0**	**100.0**	80.2	100.0
Annapolis Mall Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Bellweather Properties of Florida (Limited)	c d e	**100.0**	**100.0**	80.2	100.0
Capital Mall Company	c d e	**100.0**	**100.0**	80.2	100.0
CC Building L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Citrus Park Venture Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Eastland Shopping Center L.P.	c d e	**100.0**	**100.0**	80.2	100.0
EWH Escondido Associates L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Fox Hills Holdings I LP	c d e	**100.0**	**100.0**	80.2	100.0
Fox Hills Mall L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Great Northern Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Hawthorn, L.P	c d e	**100.0**	**100.0**	80.2	100.0
Head Acquisition, L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Horton Plaza Holdings I LP	c d e	**100.0**	**100.0**	80.2	100.0
Horton Plaza L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Louis Joliet Shoppingtown LP	c d e	**100.0**	**100.0**	80.2	100.0
Meriden Square Partnership	c d e	**100.0**	**100.0**	80.2	100.0
North County Fair L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Oakridge Mall L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Old Orchard Urban Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Parkway Plaza L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Parkway Plaza Holdings I L.P.	c d e	**100.0**	**100.0**	80.2	100.0
PCRGP L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita Holdings I LP	c d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Plaza Bonita II LP	c d e	**100.0**	**100.0**	80.2	100.0
Plaza West Covina L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Promenade L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Santa Anita Fashion Park L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Santa Ana Venture	c d e	**100.0**	**100.0**	80.2	100.0
S.F. Shopping Centre Associates, L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Solano Mall L.P.	c d e	**100.0**	**100.0**	80.2	100.0
The Connecticut Post Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Westfield Head LP	c d e	**100.0**	**100.0**	80.2	100.0
Topanga Plaza L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Urban Shopping Centers, L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Vancouver Mall II Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
WEA Eastridge LP	c d e	**100.0**	**100.0**	80.2	100.0
WEA Palm Desert L.P.	c d e	**100.0**	**100.0**	80.2	100.0
WEA Valley Fair L.P.	c d e	**100.0**	**100.0**	80.2	100.0
WEA Valley Fair UTC L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield America Investor L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield America Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Westfield Growth L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield Growth II L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield Sacramento Acquisition Associates L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield SF L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westfield Topanga Owner L.P.	c d e	**100.0**	**100.0**	80.2	100.0
West Covina Holdings I LP	c d e	**100.0**	**100.0**	80.2	100.0
West Park Partners L.P.	c d e	**100.0**	**100.0**	80.2	100.0
West Valley L.P.	c d e	**100.0**	**100.0**	80.2	100.0
West Valley Partnership	c d e	**100.0**	**100.0**	80.2	100.0
Westland Shopping Center L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Westland South Shore Mall L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Wheaton Plaza Regional Shopping Center L.L.P.	c d e	**100.0**	**100.0**	80.2	100.0
Anita Associates	c d e	**100.0**	**100.0**	72.0	100.0
Hahn UPI	c d e	**100.0**	**100.0**	63.7	100.0

NOTE 34 DETAILS OF CONSOLIDATED SUBSIDIARIES AND EQUITY ACCOUNTED ENTITIES CONTINUED

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic [1] [2] %**	**Consolidated %**	Economic [1] %	Consolidated %
Consolidated Controlled Entities					
Independence Mall Associates L.P.	c d e	**100.0**	**100.0**	62.2	100.0
Independence Service, Inc.	b d e	**75.0**	**100.0**	46.6	100.0
Independence Shoppingtown LLC	b d e	**100.0**	**100.0**	62.2	100.0
Mission Valley Partnership	c d e	**100.0**	**100.0**	60.8	100.0
Mission Valley Service, Inc.	b d e	**75.0**	**100.0**	45.6	100.0
Santa Anita Service, Inc.	b d e	**75.0**	**100.0**	54.0	100.0
UPI Associates	c d e	**100.0**	**100.0**	14.0	100.0
WALP Service, Inc.	b d e	**75.0**	**100.0**	60.2	100.0
Westfield Independence Mall Limited Partnership	c d e	**100.0**	**100.0**	80.2	100.0
WFA Finance (Aust) Pty Limited	f	**100.0**	**100.0**	100.0	100.0
WEA Finance LLC	b	**100.0**	**100.0**	80.2	100.0
1801 Avenue of the Stars LP	c d e	**100.0**	**100.0**	80.2	100.0
Avenue of the Stars GP Inc	b d e	**100.0**	**100.0**	80.2	100.0

		2005 Interest		2004 Interest	
Name of entity	Note	**Economic [1] [2] %**	**Equity Accounted %**	Economic [1] %	Equity Accounted %
Equity Accounted Joint Venture Entities					
Abbey Acquisition, LLC	b d e	43.3	43.3	34.7	43.3
DTA Holding LLC	b d e	43.3	43.3	34.7	43.3
Emporium Development LLC	b d e	50.0	50.0	40.1	50.0
Fashion Square Service TRS, Inc	b d e	37.5	37.5	30.1	37.5
GSP Service TRS, Inc	b d e	37.5	37.5	30.1	37.5
Horton Plaza Venture LLC	b d e	50.0	50.0	–	–
Mid Rivers Limited Partnership	c d e	33.3	33.3	26.7	33.3
Montgomery Mall LLC	b d e	50.0	50.0	40.1	50.0
Montgomery Mall Borrower LLC	b d e	50.0	50.0	40.1	50.0
Montgomery Mall Condo LLC	b d e	50.0	50.0	40.1	50.0
Montgomery Mall of Maryland LLC	b d e	50.0	50.0	40.1	50.0
Montgomery Service, Inc.	b d e	37.5	37.5	30.1	37.5
Northbridge Retail Company L.L.C	b d e	33.3	33.3	26.7	33.3
North Bridge Service TRS, Inc	b d e	25.0	25.0	20.1	25.0
Plaza Camino Real LP	c d e	40.0	40.0	32.1	40.0
Plaza Camino Service, Inc.	b d e	30.0	30.0	24.1	30.0
RN 124/125 Company, L.L.C	b d e	33.3	33.3	26.7	33.3
RN 540 Hotel Company L.L.C	b d e	33.3	33.3	26.7	33.3
RN 120 Company, L.L.C	b d e	33.3	33.3	26.7	33.3
RN 116 Company, L.L.C	b d e	33.3	33.3	26.7	33.3
Sherman Oaks Fashion Associates, LP	c d e	50.0	50.0	40.1	50.0
Tri-Party Non-856 Assets LLC	b d e	43.3	43.3	34.7	43.3
Tri-Party Miscellaneous, LLC	b d e	43.3	43.3	34.7	43.3
University Towne Center LLC	b d e	50.0	50.0	40.1	50.0
Valencia Town Center Associates, LP	c d e	50.0	50.0	20.1	25.0
Valencia Town Center Venture, L.P.	c d e	50.0	50.0	–	–
Valencia Town Center Venture, G.P., LLC	b d e	50.0	50.0	–	–
V F Mall LLC	b d e	50.0	50.0	40.1	50.0
Valley Fair UTC LLC	b d e	50.0	50.0	40.1	50.0
VF/UTC Service, Inc.	b d e	37.5	37.5	30.1	37.5
Westland Garden State Plaza Limited Partnership	c d e	50.0	50.0	40.1	50.0
Westfield Paramus 1, Inc.	b d e	50.0	50.0	40.1	50.0
Westfield Paramus 2, Inc.	b d e	50.0	50.0	40.1	50.0
Westfield Paramus Holdings LLC 1	b d e	50.0	50.0	40.1	50.0
Westfield Paramus Holdings LLC 2	b d e	50.0	50.0	40.1	50.0
Westfield Paramus Holdings LLC 3	b d e	50.0	50.0	–	–
Westfield Valencia TRS, Inc.	b d e	37.5	37.5	–	–

Notes
a) Trust.
b) Limited Liability Company or Corporation formed in the United States
c) Partnership - formed in the United States.
d) Principal activity - property investment.
e) Business entity audited by affiliates of the auditors of the Parent Entity.
f) Proprietary company incorporated in Australia. Company was incorporated on 21 April 2004.

[1] Economic interest in underlying controlled and equity accounted entities reflects WAT's economic ownership interest as determined under Australian Accounting Standards.
[2] The change in economic interest percentage between 2005 and 2004 is due to the application of AASB 132 and 139 effective 1 January 2005.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL

WAT forms part of the Westfield Group and its Key Management Personnel are paid by related entities within the Westfield Group.

	Short Term Benefits				Post Employment	Share Based		Total
	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits [2] $	Other post employment benefits $	Cash settled share based payment transactions [1] $	Options and rights $	$
Remuneration of Key Management Personnel								
F P Lowy, AC								
Executive Chairman [3]								
31 December 2005	**8,000,000**	**4,500,000**	**664,667**	**44,159**	**81,000**	**–**	**–**	**13,289,826**
31 December 2004	4,247,641	8,357,000	674,352	(20,045)	89,818	–	–	13,348,766
F G Hilmer, AO								
Deputy Chairman								
31 December 2005	**228,000**	**–**	**–**	**–**	**–**	**–**	**–**	**228,000**
31 December 2004	114,000	–	–	–	–	–	–	114,000
D H Lowy, AM								
Deputy Chairman								
31 December 2005	**204,000**	**–**	**–**	**–**	**–**	**–**	**–**	**204,000**
31 December 2004	102,000	–	–	–	–	–	–	102,000
R L Furman								
Non Executive Director								
31 December 2005	**162,000**	**–**	**–**	**–**	**–**	**–**	**–**	**162,000**
31 December 2004	108,045	–	–	–	–	–	–	108,045
D M Gonski, AO								
Non Executive Director								
31 December 2005	**188,000**	**–**	**–**	**–**	**–**	**–**	**–**	**188,000**
31 December 2004	94,000	–	–	–	–	–	–	94,000
S P Johns								
Non Executive Director								
31 December 2005	**608,000**	**–**	**–**	**–**	**–**	**–**	**–**	**608,000**
31 December 2004	588,247	50,000	–	–	40,288	–	131,126	809,661
P S Lowy								
Group Managing Director								
31 December 2005	**1,924,751**	**2,500,000**	**43,237**	**(98,071)**	**–**	**968,308**	**–**	**5,338,225**
31 December 2004	1,503,841	2,754,140	116,318	–	–	–	327,815	4,702,114
S M Lowy								
Group Managing Director								
31 December 2005	**1,500,000**	**2,500,000**	**–**	**(21,277)**	**–**	**968,308**	**–**	**4,947,031**
31 December 2004	1,175,000	2,825,000	–	330,477	–	–	327,815	4,658,292
J B Studdy, AM								
Non Executive Director								
31 December 2005	**170,000**	**–**	**–**	**–**	**–**	**–**	**–**	**170,000**
31 December 2004	125,450	–	–	–	3,638	–	–	129,088
F T Vincent								
Non Executive Director								
31 December 2005	**150,000**	**–**	**–**	**–**	**–**	**–**	**–**	**150,000**
31 December 2004	102,045	–	–	–	–	–	–	102,045
G H Weiss								
Non Executive Director								
31 December 2005	**168,000**	**–**	**–**	**–**	**–**	**–**	**–**	**168,000**
31 December 2004	102,350	–	–	–	1,650	–	–	104,000
D R Wills, AO								
Non Executive Director								
31 December 2005	**156,000**	**–**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2004	78,000	–	–	–	–	–	–	78,000
C M Zampatti, AM								
Non Executive Director								
31 December 2005	**156,000**	**–**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2004	78,000	–	–	–	–	–	–	78,000

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

	Short Term Benefits				Post Employment	Share Based		Total
	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits [2] $	Other post employment benefits $	Cash settled share based payment transactions [1] $	Options and rights $	$
Remuneration of Key Management Personnel Continued								
J R Broadbent Non Executive Director resigned 13 July 2004								
31 December 2005	–	–	–	–	–	–	–	–
31 December 2004	44,200	–	–	–	3,976	–	–	48,176
H Huizinga Non Executive Director resigned 13 July 2004								
31 December 2005	–	–	–	–	–	–	–	–
31 December 2004	40,450	–	–	–	3,638	–	–	44,088
R C Mansfield, AO Non Executive Director resigned 13 July 2004								
31 December 2005	–	–	–	–	–	–	–	–
31 December 2004	36,700	–	–	–	3,300	–	–	40,000
Subtotal Directors								
31 December 2005	**13,614,751**	**9,500,000**	**707,904**	**(75,189)**	**81,000**	**1,936,616**	**–**	**25,765,082**
31 December 2004	8,539,969	13,986,140	790,670	310,432	146,308	–	786,756	24,560,275
P Allen Group Chief Financial Officer [4]								
31 December 2005	**850,000**	**700,000**	**100,509**	**82,820**	**–**	**416,667**	**–**	**2,149,996**
31 December 2004	790,854	715,854	247,056	794,530	10,977	38,889	1,316,551	3,914,710
R Green Vice Chairman – Operations, United States [5]								
31 December 2005	**1,311,992**	**1,967,987**	**69,394**	**–**	**–**	**–**	**–**	**3,349,373**
31 December 2004	1,384,157	1,988,528	37,440	–	–	–	–	3,410,125
K Wong Managing Director, United States [6]								
31 December 2005	**918,394**	**918,394**	**153,444**	**924**	**–**	**341,717**	**–**	**2,332,873**
31 December 2004	692,078	760,328	83,621	60,981	–	–	1,701,331	3,298,339
Subtotal Non Director Key Management Personnel								
31 December 2005	**3,080,386**	**3,586,381**	**323,347**	**83,744**	**–**	**758,384**	**–**	**7,832,242**
31 December 2004	2,867,089	3,464,710	368,117	855,511	10,977	38,889	3,017,882	10,623,174
Total Key Management Personnel								
31 December 2005	**16,695,137**	**13,086,381**	**1,031,251**	**8,555**	**81,000**	**2,695,000**	**–**	**33,597,324**
31 December 2004	11,407,058	17,450,850	1,158,787	1,165,943	157,285	38,889	3,804,638	35,183,449

[1] Cash settled share based transactions represent amounts accrued relating to the EDA Plan and PIP Plan. Refer to note 35(f) for further details regarding the operation of these plans.

[2] Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

[3] Non monetary benefits of $661,765 (2004 $674,352) relate to Mr F Lowy's contractual entitlements to private usage of the Westfield Group's aircraft. The entitlement to private usage of the Westfield Group's aircraft by Mr F Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods. Post employment benefits of $81,000 (2004: $89,818) relate to Mr F Lowy's service contract which provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post merger arrangements. Mr F Lowy's service contract does not contain provision for any payment on termination other than the retirement benefit outlined above.

[4] Included in the prior year other short term employee benefits figure for Mr P Allen is $563,826 relating to losses, costs and expenses incurred in connection with his relocation to the Sydney office on short notice. Non monetary benefits of $100,509 (2004: $215,401) represented loan forgiveness.

[5] Non monetary benefits for Mr R Green of $69,394 (2004: $37,440) represent medical benefits.

[6] Non monetary benefits for Mr K Wong of $153,444 (2004: $83,821) comprised medical benefits and deferred remuneration entitlements including a contribution by the Westfield Group to the deferred remuneration plan.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

b) Option holdings of Key Management Personnel

During the financial year, no options and awards ("Options") were issued to the Key Management Personnel under the Executive Option Plan and the Executive Performance Share Plan (together the "Option Plans").

On 25 May 2004, The Supreme Court of New South Wales ordered, under section 411 of the Corporations Act, that a meeting of Westfield Holdings Limited shareholders be held to vote on the proposed Merger by stapling. Under the terms of the Option Plans, the convening of the scheme meeting gave Optionholders a right to exercise all outstanding Options including an accelerated right in respect of previously unvested Options. In accordance with the terms of the Option Plans, that right could be exercised at any time prior to the effective date of the Merger being 2 July 2004. Options over Westfield shares not exercised prior to that date reverted to their previous terms of exercise and were converted to Options over stapled securities on a 1:1 basis in accordance with amendments made to the Option Plans. That conversion was consistent with the merger ratios applied in the scheme of arrangement. In all other respects the terms of the Option Plans remain substantially unaltered.

Under the terms of the Option Plans, WHL may satisfy the exercise of an Executive Option in one of the following ways:
i) issuing or transferring a Westfield Group stapled security to the Executive Optionholder;
ii) paying the Optionholder an amount equal to the difference between market value of a Westfield Group stapled security as at the date of exercise (determined under section 139FA of the Income Tax Assessment Act 1936) and the exercise price for the Option ("Profit Element"); or
iii) issuing or transferring a Westfield Group stapled security to the Executive Optionholder equal to the value of the Profit Element.

Current period

There were no options exercised or options oustanding with Key Management Personnel during the current period

Prior period

Key Management Personnel	Balance at beginning of period 1 Jan 04	Granted as Remuneration	Options Exercised	Balance at end of period 31 Dec 04	Vested during the previous financial year	Shares issued on exercise of remuneration options [2]	Paid per share
D H Lowy, AM	1,250,000	–	(1,250,000)	–	625,000	1,250,000	9.31
S P Johns	500,000	–	(500,000)	–	250,000	500,000	9.31
P S Lowy [1]	1,250,000	–	(1,250,000)	–	625,000	497,680	–
S M Lowy	1,250,000	–	(1,250,000)	–	625,000	1,250,000	9.31
Total	**4,250,000**	**–**	**(4,250,000)**	**–**	**2,125,000**	**3,497,680**	

[1] Under the terms of the Executive Option Plan, Westfield Group may issue stapled securities to the Executive Optionholder equal to the value of the Profit Element.
[2] In the previous financial period.

c) Security holdings of Key Management Personnel

Stapled securities held in Westfield Group (WDC) (number)	Balance at 1 Jan 2005	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2005
F P Lowy, AC					
D H Lowy, AM	166,450,338			391,013	166,841,351
P S Lowy					
S M Lowy					
R L Furman	–				–
D M Gonski, AO [1]	299,527				299,527
F G Hilmer, AO	189,433				189,433
S P Johns	1,828,965			(251,843)	1,577,122
J B Studdy, AM	38,573				38,573
F T Vincent	–				–
G H Weiss	–				–
D R Wills, AO	20,000				20,000
C M Zampatti, AM	221,654			13,098	234,752
P Allen	166,031			11	166,042
R Green	–				–
K Wong	–				–
Total	**169,214,521**	**–**	**–**	**152,279**	**169,366,800**

[1] The aggregate interest of the Lowy Directors includes family holdings and interests held by Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust and Westfield C Fund Pty Limited as trustee of the Westfield Superannuation C Fund. The net change includes the acquisitions, transfers and disposals of those entities. The Lowy Directors did not dispose of any shares.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

d) Loans to Key Management Personnel

Key Management Personnel	Balance at beginning of period $	Interest charged [1] $	Interest not charged $	Provision for loan forgiveness $	Balance at end of period $	Highest owing in period $
P Allen	50,000	–	–	(50,000)	–	50,000
Total	**50,000**	**–**	**–**	**(50,000)**	**–**	**50,000**

Terms and conditions of loans

[1] Loan to Key Management Personnel is interest free. The loan agreement provided for the principal to be forgiven by July 2005.

The current period non monetary benefits (disclosed in part (a) above) includes a total amount of interest and FBT liabilities of $3,422 (2004: $21,229) calculated based on Mr P Allen's opening loan of $50,000 at 7% per annum.

e) Other transactions and balances with Key Management Personnel

i) During the financial year the trustees of the Westfield Superannuation Funds acquired 425,513 WDC securities (2004: Nil) and disposed 1,134,500 WDC securities (2004: Nil) in accordance with the Rules of the Superannuation Funds.

ii) During the financial year:

a) an aggregate amount of $1,607,539 (31 December 2004: $417,817) was recognised as income relating to services provided by the Westfield Group on commercial terms to Director related entities of F P Lowy, D H Lowy, P S Lowy and S M Lowy, of which an aggregate amount of $Nil (31 December 2004: $7,556) was recognised as a current receivable from such Director related entities as at 31 December 2005 for the usage of such assets. Refer to note 33 for further details regarding related party transactions; and

b) an aggregate amount of $1,048,778 (31 December 2004: $24,711) was recognised as an expense relating to business usage by the Westfield Group on commercial terms of assets owned by Director related entities of F P Lowy, D H Lowy, P S Lowy and S M Lowy. Refer to note 33 for further details regarding related party transactions.

iii) During the financial year, transactions occurred between the Westfield Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Westfield Group in respect of stapled securities.

f) Other remuneration disclosures

1 Remuneration Environment

The experience of the Westfield Group in the financial year has highlighted the impact of the global environment in which the Westfield Group now competes for human resources. The Westfield Group is always seeking to add to the resources and skills of its existing management team by recruiting the best available candidates in the various jurisdictions in which it operates. The size and scope of the Westfield Group's business and our philosophy of intensive management of the Westfield Group's business means that the management team faces challenges which demand highly skilled and committed executives. These executives must also be capable of supporting and transferring skills to the Westfield Group's business in various locations around the world.

The environment in which the Westfield Group operates is extremely competitive. The Westfield executive team is highly regarded and retention of the team is one of the major human resource challenges facing the Westfield Group. At all levels within the business, continuity within the executive team is an important factor in maintaining the Westfield Group's record of high performance over a sustained period. Achieving that continuity is a constant challenge, particularly given the current high level of demand globally for executives with specific skills in many areas required by the Westfield Group. Every effort is made to attract, develop and retain the best available executive talent.

2 Remuneration Committee

2.1 Role of the Committee

The Westfield Group's remuneration arrangements are overseen by the Remuneration Committee. The Committee's activities are governed by its charter, a copy of which is available on the Westfield Group's website, www.westfield.com.

The responsibilities of the Remuneration Committee include:

— determining and reviewing remuneration policies to apply to members of the Board and to executives within the Westfield Group;
— determining the specific remuneration packages for Executive Directors and key members of the senior executive team (including base pay, incentive payments, equity-linked plan participation and other contractual benefits);
— reviewing contractual rights of termination for members of the senior executive team;
— reviewing the appropriateness of the Westfield Group's succession planning policies;
— reviewing policy for participation by senior executives in equity-linked plans;
— reviewing management's recommendations of the total proposed awards to be issued under each plan; and
— administering the equity-linked plans as required in accordance with the rules of the plans.

2.2 Membership and meetings

The current members of the Committee are:

Name	Position held	Status
Frederick G Hilmer, AO	Chairman	Independent Director
Roy L Furman	Member	Independent Director
David M Gonski, AO	Member	Independent Director

The Committee met twice in the financial year. All members of the Committee attended the meetings.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

3 Remuneration of Non-Executive Directors

3.1 Policy

The remuneration of the Non-Executive Directors is determined by the Board (within the limit set by Members) acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate Non-Executive Directors who will, through their contribution to the Board and the Westfield Group, work towards creating sustainable value for Members and stakeholders.

In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in non-executive director remuneration. In arriving at recommendations, the advisers will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by Non-Executive Directors.

Non-Executive Director Remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) a committee attendance fee and, where relevant, an additional fee for deputy chair of the Board and for committee chair. There was no increase in fees paid to Non-Executive Directors in the financial year.

The aggregate pool available for payment of fees to Non-Executive Directors of the Westfield Group is currently a maximum of $1.8 million. That figure was approved by Members at the Annual General Meeting of the Company held in November 2004.

None of the Non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

3.2 Remuneration

The table below sets out the remuneration for the Non-Executive Directors for the financial year.

Name	Base Fee $	Deputy Chair Fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Consultancy Fees $	Total $
F G Hilmer, AO	150,000	30,000	30,000	–	–	18,000	–	228,000
D H Lowy, AM	150,000	30,000	–	24,000	–	–	–	204,000
R L Furman	150,000	–	–	–	–	12,000	–	162,000
D M Gonski, AO	150,000	–	20,000	–	6,000	12,000	–	188,000
S P Johns	150,000	–	20,000	18,000	–	–	420,000 [1]	608,000
J B Studdy, AM	150,000	–	20,000	–	–	–	–	170,000
F T Vincent	150,000	–	–	–	–	–	–	150,000
G H Weiss	150,000	–	–	18,000	–	–	–	168,000
D R Wills, AO	150,000	–	–	–	6,000	–	–	156,000
C M Zampatti, AM	150,000	–	–	–	6,000	–	–	156,000

[1] Following his retirement as an Executive Director in October 2003, Mr. Johns has continued to provide consultancy services in relation to special projects (including major acquisitions) and other corporate finance, treasury and investor relation issues.

3.3 Other entitlements

Short term employee benefits (Primary)

Cash salary and fees paid to the Non-Executive Directors are disclosed in the table at 3.2.

Non-Executive Directors are not entitled:

a) to short-term compensated absences;
b) to short-term cash profit sharing or other cash or performance related bonus; or
c) to non-monetary or other short-term employee benefits.

Post-employment benefits

Non-Executive Directors are not entitled:

a) to superannuation entitlements other than entitlements arising from contributions deducted from the base fees paid to Non-Executive Directors as required by law; or
b) to any other post-employment benefit.

Other long-term employee benefits

Non-Executive Directors are not paid or entitled to any long term employee benefits.

Termination benefits

Non-Executive Directors are not entitled to any payment on termination other than the balance of outstanding fees.

Share based payments (Equity)

Non-Executive Directors do not participate in the Westfield Group's equity-linked incentive plans and are not entitled to share based compensation.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

4 Westfield Group Managing Directors and other senior executives

4.1 Policy

In this section, a reference to senior executives includes the Westfield Group Managing Directors and Specified Executives (being those Key Management Personnel, other than the Directors, and numbering at least three who were part of the five highest remunerated executives for the financial year). Recognising that the Westfield Group operates in a highly competitive global environment, the Board has adopted policies and processes which:

— enable the Westfield Group to attract and retain key executives who will create sustainable value for Members;
— properly motivate and reward executives having regard to the overall performance of the Westfield Group, the performance of the executive measured against pre-determined objectives and the external compensation environment;
— appropriately align the interests of executives with Members; and
— comply with applicable legal requirements and appropriate standards of governance.

The Westfield Group's current remuneration structure combines base salary with short term cash incentives and long term equity-linked incentives. The total remuneration package of each executive is designed to ensure an appropriate mix of base salary with short and long term incentives. As executives gain seniority in the Westfield Group, the balance of this mix moves to a higher proportion of variable and long term rewards which are considered to be "at risk" and which are dependent upon the performance of the Westfield Group and of the relevant executive. The Remuneration Committee considers that this structure places an appropriate premium on performance and helps reinforce the alignment between the interests of executives and stakeholders in the Westfield Group.

Implementation of this policy has over time, resulted in Westfield attracting and retaining experienced senior executives who provide stability and continuity for the Westfield Group.

4.2 Base salary

Base salary is set by reference to the executive's position, performance and experience. In order to attract and retain executives of the highest quality and in the expectation that executives will meet the high standards set by the Westfield Group, the Westfield Group aims to set competitive rates of base salary. Base salary levels are benchmarked regularly against local and (where appropriate) international competitors and are reviewed on an annual basis having regard to performance, external market forces and where relevant, promotion.

4.3 Short term variable bonus

Variable rewards are closely linked to the performance of the executive measured against objectives which are established each year pursuant to a performance review and development system. Under that system, senior management and the executive work together to establish agreed business and personal development objectives. These objectives are designed to recognise and reward both financial and non-financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets.

A target figure (as a percentage of base pay) for the short term variable cash component of the compensation package is advised to the executive at the commencement of each year. The actual bonus awarded is determined by reference to the performance of the executive against the agreed performance objectives, the corporate performance of the Westfield Group and any other aspect of the executive's performance which is considered relevant in the context of the review.

In special circumstances, executives may earn an additional bonus in excess of the agreed target percentage of base pay in recognition of the contribution made by that executive to a major transaction or corporate project. As with the annual performance bonus, payment of a special bonus is at the discretion of the Remuneration Committee.

Cash based incentives, in respect of the Westfield Group Managing Directors and the Westfield Group's most senior executives, are determined by the Remuneration Committee having regard to personal objectives which are set as part of the performance review and development system and to more general operational and financial objectives of the Westfield Group (for example, growth in earnings and distributions). The measures chosen are based on key contributions expected of that executive in order to enhance the overall performance of the Westfield Group. The Remuneration Committee will also consider the role which the executive played in any major acquisition or capital transaction during the year as this contribution may have played a vital role in the success of the Westfield Group in that year.

4.4 Equity-linked incentives

The Westfield Group has two equity-linked incentive plans: the Executive Deferred Award Plan ("EDA Plan") and the Partnership Incentive Plan ("PIP Plan").

In 2004, at the time of the Merger, the EDA Plan and PIP Plan replaced the Westfield Executive Option Plan and the Westfield Executive Share Performance Plan as the ongoing equity-linked incentive plans of the Westfield Group. At the time of the Merger, the outstanding awards under the Executive Option Plan became eligible for exercise as a consequence of the restructuring. The vast majority of those outstanding options and awards were exercised at the time of the Merger. No further options or awards will be granted under those Plans.

Prior to 2002, the Company used options with an exercise price at or above market value as the principal means of providing long term equity incentives. There are currently 932,700 options on issue, the last of which will expire in 2008. The Westfield Group subsequently moved to the issue of awards under the Executive Share Performance Plan. Essentially, each award issued under the Executive Share Performance Plan represents a right to receive one Westfield Group stapled security on vesting.

In introducing the EDA Plan and the PIP Plan in 2004, the Westfield Group has retained the same philosophy. That is, rather than granting options with an exercise price at or above market value, awards granted under the new Plans are more in the nature of restricted stock where the executive would be entitled to receive a Westfield Group security on exercise.

However, as explained below, the new Plans are synthetic and executives receive cash payments rather than actual securities.

The relevant common features of both the EDA Plan and the PIP Plan are as follows:

— based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of $150,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $15,000;

— immediately prior to the commencement of participation in the Plan, that dollar amount is converted into an award which is based on the then current market price of Westfield Group stapled securities. In the above example, assuming a market price of $15.00 per stapled security, the participant would receive an award equal to the economic benefit of 1,000 Westfield Group stapled securities;

— during the vesting period of three to four years, distributions paid on stapled securities are nominally reinvested under the Plans such that the number of stapled securities in an award (and on which the payout is calculated) will increase during the life of the award;

— assuming the executive remains employed by the Westfield Group through the vesting period and any applicable performance hurdles are satisfied, the executive will receive a payout equal to the capital value of the stapled securities in the award. That is, the executive receives a cash payment (rather than actual securities) which reflects the capital value of the number of "synthetic securities" comprised in that award as at the vesting date.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

As noted above, the right to receive a cash payout under either the EDA Plan or the PIP Plan generally requires that the executive remain employed by the Westfield Group throughout the vesting period. In special circumstances (eg. death, redundancy or retirement) the Board retains discretion under the Plans to allow vesting of all or part of the awards granted under the Plans.

4.5 The Westfield Group equity linked Plans

The EDA Plan is a plan in which senior and high performing executives participate. There are currently 251 executives world-wide participating in the EDA Plan.

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non-financial objectives. Executives qualify to receive a payout of that deferred compensation by satisfying the requirement that they remain in the employment of the Westfield Group through the vesting period. That vesting period is currently three years. With the exception of awards issued in connection with the Retention Plan referred to in 4.6 there are no additional performance hurdles applicable during the vesting period.

The EDA Plan is intended to use the deferral of vesting of a portion of the short term incentive as part of a broader strategy for retaining the services of those executives participating in the Plan.

The PIP Plan was established in 2004 following the vesting of existing options under the Executive Option Plan and Executive Performance Share Plan as a consequence of the Merger. As noted above, the structure of the PIP Plan reflects the decision by the Westfield Group to move away from market priced options as the preferred form of long term incentive.

Only the senior leadership team of the Westfield Group will participate in the PIP Plan. There are currently 13 executives world-wide, including the Westfield Group Managing Directors, participating in the PIP Plan. The Executive Chairman does not participate in the PIP Plan.

The PIP Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIP Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of security holders in two principal respects:

a) qualification for awards under the PIP Plan each year will be subject to the Westfield Group achieving performance hurdles which will relate to the financial and operating targets of the Westfield Group in the financial year together with any other matters which the Board or Remuneration Committee consider appropriate; and

b) the payout received by executives participating in the PIP Plan will be affected by distributions paid during the vesting period and movements in the price of Westfield Group securities between the qualification date and vesting.

The performance hurdle(s) applicable under the PIP Plan are determined annually by the Remuneration Committee when determining which executives will be invited to participate in the PIP Plan. Executives will be informed of such hurdles at the same time as they are advised of the potential number of "synthetic securities" for which they will qualify if the performance hurdles are achieved. More than one hurdle may be set in any year.

The year in which the performance hurdles apply is known as the Qualifying Year. Actual performance against the hurdles which apply during the Qualifying Year will determine the final number of awards which the executive will receive at the end of that year. No payments are made to the executive at the end of that Qualifying Year. Rather, the awards in the PIP Plan are issued at that time and will vest on two dates – 50% at the end of year three and 50% at the end of year four. No other performance hurdles are imposed during the vesting period.

The performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum issued in May 2004 in connection with the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

The hurdle chosen by the Remuneration Committee for the 2006 Qualifying Year also reflects the focus on achieving a distribution per security consistent with the Westfield Group's current forecasts for the 2006 financial year ("FY06").

Specifically the PIP hurdle for FY06 requires achievement of the forecast distribution of $1.065 per stapled security on the basis that:

a) the forecast distribution of not less than 54.5 cents in the six months to 30 June 2006 will include a distribution of project profits; and

b) thereafter, the distribution will be made in accordance with the distribution policy announced by the Westfield Group in February 2006. That is, the distribution will be not more than 100% of Operational segment earnings (as adjusted for realised gains and losses from hedging the Westfield Group's overseas net income). Operational segment earnings will be reported by the Westfield Group on the basis announced in February 2006.

The hurdle chosen by the Remuneration Committee reflects the importance of the Westfield Group achieving its forecast distributions in FY06 in accordance with the new distribution policy. That distribution policy focuses on strengthening earnings from the Operational segment as a key driver of earnings per stapled security and of future growth for the Westfield Group.

By adopting this combination of the application of performance hurdles in the Qualifying Year and the subsequent three to four year vesting period, the Westfield Group aims, through the issue of awards under the PIP Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Given that the vesting period does not include the Qualifying Year, executives participating in the PIP Plan will be required to remain with the Group for a period of five years in order to get the full benefit of each award. The operation of the PIP Plan and the manner of calculation of the payout to which the executive is entitled is as described in section 4.4 above.

4.6 Retention Plan

The Board and the Remuneration Committee have acknowledged that in 2005 there was generally strong upward pressure on remuneration in the markets in which the Group operates. The increasingly global nature of the employment market in which the Group operates is particularly evident in the case of executives with design, development and construction expertise who are in high demand and are keenly sought by the Westfield Group and by our local and international competitors.

In 2005, the Board decided to utilise the EDA Plan to make non-recurring awards to five of the Westfield Group's most senior operational and finance executives. Neither the Executive Chairman nor the Westfield Group Managing Directors will receive these awards. These awards have been granted with effect from 1 January 2006 and will vest in full on 1 January 2011, provided the recipient remains employed by the Westfield Group at that time. The nominal value of these awards at the time of granting is $23 million – a figure which will be amortised over the five year life of the awards.

As noted above, these awards are intended to provide a further incentive to a small number of the Westfield Group's most senior executives in order to better secure their services over the next five years. In granting these awards, the primary objective of the Westfield Group is retention of key executives for an extended period. In order to ensure that the relevant executives continue to perform at the high level required by the Westfield Group, the vesting of the awards is subject to a performance hurdle which requires that, over the five year vesting period, each executive must achieve at least 50% of his target performance bonus in each of those years. Failure to achieve that hurdle in any year will result in the full amount of the awards being forfeited.

As the awards will be granted in the 2006 financial year, the allocation of these awards amongst the Westfield Group's senior executives will be disclosed in future Remuneration Reports.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors
At the date of this report, there were three Executive Directors in office, Mr Frank Lowy, Executive Chairman and the Westfield Group Managing Directors, Mr Peter Lowy and Mr Steven Lowy.

5.1 Executive Chairman
The term of Mr Frank Lowy's service contract is renewed by agreement between the parties every two years. The remuneration under that contract will be reviewed by the Remuneration Committee on renewal. The current arrangements provide, in respect of the 12 month period ending 30 June 2006, for:

a) a base salary of $8 million;

b) an annual performance bonus of $5 million payable if the Westfield Group achieves the forecast distribution (as detailed in the Explanatory Memorandum for the Merger) of $1.10 per stapled security in respect of that year; and

c) other benefits as detailed in the table below.

Mr Lowy is the co-founder of Westfield and has overseen the success of the Company since 1960. Mr Lowy's service contract provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. The amount accrued for the financial year was $81,000.

Mr Lowy's service contract does not contain provision for any payment on termination by the Company (with or without cause) other than the retirement benefit outlined above.

The summary below outlines Mr Lowy's fixed and at risk remuneration for the financial year ended 31 December 2005.

Component of Remuneration	Amount $
Short Term Employee Benefits (Primary)	
— Base salary	
Fixed	8,000,000
— Cash bonus (accrued) [1]	
At risk	4,500,000
— Other short term employee benefits [2]	
Fixed	44,159
— Non monetary benefits [3]	
Fixed	664,667
Post Employment Employee Benefits	
— Pension and superannuation benefits [4]	
Fixed	81,000
Other Long Term Benefits	–
Termination Benefits	–
Share Based Payments (Equity) [5]	–
Total Remuneration	**13,289,826**

[1] The bonus is only payable if the Westfield Group meets its forecast distributions as outlined above.

[2] Comprising annual leave and long service leave entitlements.

[3] Other benefits comprise usage of the Westfield Group's aircraft which is classified as private usage ($661,766). The entitlement to private usage of the Westfield Group's aircraft by Mr Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods.

[4] Mr Lowy's service contract provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements.

[5] The Executive Chairman does not participate in the Group's equity-linked incentive plans. He was not paid or entitled to any share based compensation during the financial year.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.2 Westfield Group Managing Directors

The employment arrangements of the Westfield Group Managing Directors are detailed as follows.

Mr Peter Lowy

— Has been with the Westfield Group since 1983.
— Managing Director since 1997. In January 2006, Mr Lowy's title changed to Westfield Group Managing Director. There has been no change to his responsibilities within the Westfield Group.
— Has resided in the United States since 1990.
— Salary and bonus is reviewed annually by the Remuneration Committee.
— Base salary of US$1,500,000 per annum for the financial year. Mr Lowy's revised base salary effective 1 January 2006 is US$2,500,000 per annum.
— No formal service contract is in place. In the event of termination, any termination payment would be determined by the Board on the recommendation of the Remuneration Committee.
— Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Peter Lowy's fixed and at risk remuneration for the financial year.

Component of Remuneration	Amount $
Short Term Employee Benefits (Primary)	
— Base salary [1]	
Fixed	1,924,751
— Cash bonus (accrued) [2]	
At risk	2,500,000
— Other short term employee benefits [3]	
Fixed	(98,071)
— Non monetary benefits [4]	
Fixed	43,237
Post Employment Employee Benefits	
Pension and superannuation benefits	–
Share Based Payments (Equity) [5]	
— EDA Plan [6]	
At risk	354,635
— PIP Plan [7]	
At risk	613,673
Other Long Term Benefits [6] [7]	–
Total Remuneration	**5,338,225**

[1] Mr Peter Lowy is based in the United States and the salary disclosed is equivalent to US$1,500,000.

[2] Mr Lowy's bonus vested 100% in the financial year. No amount of the bonus was forfeited in the financial year. The bonus is not payable in respect of any future financial year.

[3] Comprising annual leave entitlements.

[4] Comprising medical benefits.

[5] Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to notes (6) and (7) for share based payments.

[6] Mr Peter Lowy has participated in the EDA Plan from 1 January 2005. Refer to the table at 5.3 for details of awards held by of Mr Lowy under the EDA Plan.

[7] Mr Peter Lowy has participated in the PIP Plan from 1 January 2006. Refer to the table at 5.4 for details of awards held by Mr Lowy under the PIP Plan.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.2 Westfield Group Managing Directors Continued

Mr Steven Lowy

— Has been with the Westfield Group since 1987.
— Managing Director since 1997. In January 2006, Mr Lowy's title changed to Westfield Group Managing Director. There has been no change to his responsibilities within the Westfield Group.
— Salary and bonus is reviewed annually by the Remuneration Committee.
— Base salary of $1,500,000 per annum for the financial year. Mr Lowy's revised base salary effective 1 January 2006 is $2,500,000 per annum.
— No formal service contract is in place. In the event of termination, any termination payment and period would be determined by the Board on the recommendation of the Remuneration Committee.
— Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Steven Lowy's fixed and at risk remuneration for the financial year.

Component of Remuneration	Amount $
Short Term Employee Benefits (Primary)	
— Base salary	
Fixed	1,500,000
— Cash bonus (accrued) [1]	
At risk	2,500,000
— Other short term employee benefits [2]	
Fixed	(21,277)
— Non monetary benefits	–
Post Employment Employee Benefits	
Pension and superannuation benefits	–
Share Based Payments (Equity) [3]	
— EDA Plan [4]	
At risk	354,635
— PIP Plan [5]	
At risk	613,673
Other Long Term Benefits [4] [5]	–
Total Remuneration	**4,947,031**

[1] Mr Lowy's bonus vested 100% in the financial year. No amount of the bonus was forfeited in the financial year. The bonus is not payable in respect of any future financial year.

[2] Comprising annual leave and long service leave entitlements.

[3] Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to notes (4) and (5) for share based payments.

[4] Mr Steven Lowy has participated in the EDA Plan from 1 January 2005. Refer to the table at 5.3 for details of awards held by of Mr Lowy under the EDA Plan.

[5] Mr Steven Lowy has participated in the PIP Plan from 1 January 2006. Refer to the table at 5.4 for details of awards held by Mr Lowy under the PIP Plan.

5.3 Westfield Group Managing Directors: participation in the EDA Plan

The following table details awards under the EDA Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to any of the Westfield Group Managing Directors under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the financial year $
Peter Lowy								
Group Managing Director	1 Jan 05	47,775	1 Jan 08	–	47,775	886,485	N/A	354,635
Steven Lowy								
Group Managing Director	1 Jan 05	47,775	1 Jan 08	–	47,775	886,485	N/A	354,635

[1] The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the cash that is expected to be paid in the future. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.4 Westfield Group Managing Directors: participation in the PIP Plan

The following table details awards under the PIP Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to any of the Westfield Group Managing Directors under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the financial year $
Peter Lowy								
Group Managing Director	1 Jan 06	111,465	55,733: 1 Jan 09 55,732: 1 Jan 10	—	111,465	2,149,393	Satisfied [2]	613,673
Steven Lowy								
Group Managing Director	1 Jan 06	111,465	55,733: 1 Jan 09 55,732: 1 Jan 10	—	111,465	2,149,393	Satisfied [2]	613,673

[1] The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the cash that is expected to be paid in the future. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the Qualifying Hurdle is achieved and the employee remains employed with the Wesfield Group for the full term of the PIP Plan.

[2] The Westfield Group Managing Directors became eligible to participate in the PIP Plan on 1 January 2006 following satisfaction of the performance hurdle for the 2005 Qualifying Year. The performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum for the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

6 Executive Remuneration and Termination Arrangements

6.1 Service contracts and termination arrangements

This report incorporates details of the Specified Executives, being the Key Management Personnel (other than the Directors) numbering at least five, who received the highest remuneration for the financial year.

A range of service arrangements operate within the Westfield Group. As noted in the table below, Mr Allen has been with the Westfield Group in excess of ten years. There is no formal service contract for Mr Allen. As a consequence there is no fixed termination arrangements with this executive. In the event of termination of the employment of a senior executive where there is no service contract or the service contract is silent on termination events, any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.

Since the expiry of Mr Wong's three year contract with the Westfield Group in February 2006, Mr Wong's employment terms are governed by Californian employment law.

It is the Westfield Group's policy on engaging new executives to have service contracts that typically outline the components of the remuneration to be paid to that executive and agreed termination arrangements. Those arrangements may vary depending on the seniority and experience of the executive and on the country of employment.

The table below outlines the terms of the service contracts with Specified Executives. [1]

Name and Title	Employing Company	Commencement Date	Term	Termination Provisions/benefits
Richard Green Vice Chairman – Operations United States	Westfield Corporation, Inc.	1 June 1980	1 year ending 31 December 2006	The Company may terminate the contract for cause on 30 days' written notice. There is no provision for termination without cause. No termination benefit is payable.
Kenneth Wong Managing Director United States	Westfield Corporation, Inc.	27 February 2003	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.
Peter Allen Group Chief Financial Officer	Westfield Limited	4 March 1996	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.

[1] In January 2006, the title of Kenneth Wong was changed to Managing Director, United States. There has been no change to his responsibilities within the Westfield Group.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

6 Executive Remuneration and Termination Arrangements Continued

6.2 Remuneration: Specified Executives

The following table sets out the remuneration of the Specified Executives.

Executive	Short Term Employee Benefits (Primary)				Post Employment Employee Benefits	Share Based Payments (Equity) [4]		Termination Benefits	Other Long Term Benefits [5] [6]	Total [7]
	Base Salary	Accrued Bonus	Other Short Term Employee Benefits	Non Monetary Benefits		EDA Plan	PIP Plan			
	Fixed [1] $	At Risk [2] $	Fixed [3] $	Fixed $		At Risk [5] $	At Risk [6] $			
Richard Green Vice Chairman – Operations United States	1,311,992	1,967,987 Vested: 100%	–	69,394 [8]	–	–	–	–	–	3,349,373
Kenneth Wong Managing Director United States	918,394	918,394 Vested: 100%	924 [9]	153,444 [10]	–	30,847	310,870	–	–	2,332,873
Peter Allen Group Chief Financial Officer	850,000	700,000 Vested: 100%	82,820 [11]	100,509 [12]	–	171,176	245,491	–	–	2,149,996

(1) Base salary is inclusive of superannuation guarantee contributions. In the case of Mr Wong, US executives are entitled to contribute part of their base salary to a deferred remuneration plan. Those contributions are matched by the Westfield Group (see note 10 below).
(2) No amount of any bonus was forfeited in the financial year. No bonus is payable in respect of any future financial year.
(3) The amounts referred to reflect an increase in the accrued liability for annual and long service leave during the financial year.
(4) None of the Specified Executives hold any options or other equity instruments as part of their remuneration. Refer to notes (5) and (6) for share based payments.
(5) Refer to the table at 6.3.
(6) Refer to the table at 6.4.
(7) None of the Specified Executives was paid an amount before they took office as consideration for agreeing to take office.
(8) Comprising national insurance and annual leave and long service leave entitlements.
(9) Comprising annual leave and long service leave entitlements.
(10) Comprising medical benefits and deferred remuneration entitlements including a contribution by the Westfield Group to the deferred remuneration plan.
(11) Comprising annual leave and long service leave entitlements.
(12) Comprising loan forgiveness and related fringe benefits tax.

NOTE 35 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

6 Executive Remuneration and Termination Arrangements Continued

6.3 Specified Executives: participation in the EDA Plan

The following table details awards under the EDA Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the financial year $
Peter Allen								
Group Chief Financial Officer	1 Sep 04	23,060	1 Sep 07	713 (Feb 05) 710 (Aug 05)	24,483	427,889	N/A	171,176
Kenneth Wong								
Managing Director United States	1 Jan 05	4,155	1 Jan 08	129 (Feb 05) 128 (Aug 05)	4,412	77,108	N/A	30,847

[1] The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the cash that is expected to be paid in the future. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

6.4 Specified Executives: participation in the PIP Plan

The following table details awards under the PIP Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the financial year $
Peter Allen								
Group Chief Financial Officer	1 Jan 06	44,590	22,295: 1 Jan 09 22,295: 1 Jan 10	–	44,590	859,834	Satisfied [2]	245,491
Kenneth Wong								
Managing Director United States	1 Jan 06	56,465	28,233: 1 Jan 09 28,232: 1 Jan 10	–	56,465	1,088,821	Satisfied [2]	310,870

[1] The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the cash that is expected to be paid in the future. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the Qualifying Hurdle is achieved and the employee remains employed with the Westfield Group for the full term of the PIP Plan.

[2] The Specified Executives became eligible to participate in the PIP Plan on 1 January 2006 following satisfaction of the performance hurdle for the 2005 Qualifying Year. The performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum for the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

Directors' Declaration

The Directors of Westfield America Management Limited, the Responsible Entity of Westfield America Trust ("Trust"), declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and

c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 20 March 2006 in accordance with a resolution of the Board of Directors.

FP Lowy, AC
Executive Chairman

FG Hilmer, AO
Deputy Chairman

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Westfield America Trust (the trust) and the consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises both the trust and the entities it controlled during that year.

The directors of Westfield America Management Limited are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the trust and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the trust's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

— examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
— assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the trust.

Independence

We are independent of the trust and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of Westfield America Management Limited a written Auditor's Independence Declaration a copy of which is included in the Directors' Report.

In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

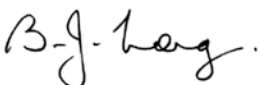
Audit opinion

In our opinion, the financial report of Westfield America Trust is in accordance with:

a) the Corporations Act 2001, including:
   i) giving a true and fair view of the financial position of Westfield America Trust and the consolidated entity at 31 December 2005 and of their performance for the year ended on that date; and
   ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

Ernst & Young



Brian Long
Partner

Sydney
20 March 2006

Directors' Report

The Directors of Westfield America Management Limited (the "Responsible Entity"), the responsible entity of Westfield America Trust ("Trust") submit the following Report for the year ended 31 December 2005 ("Financial Year").

Review of Operations and State of Affairs
The Trust reported a net profit of $2,015.2 million and a distribution of $989.3 million for the Financial Year. Basic earnings per unit is 111.68 cents and the distribution per unit is 54.53 cents for the Financial Year.

As at 31 December 2005, the Trust had a $19.7 billion (consolidated properties: $17.0 billion and a share of equity accounted properties: $2.7 billion) interest in 67 shopping centres, comprising 9,400 retailers and approximately 6.6 million square metres of retail space.

The Trust achieved net property income of $1,065.4 million with comparable mall income growth of 3.6%. This result reflects average specialty retail sales of US$424 per square foot with comparable growth of 5.2% for the Financial Year. The strong sales growth has been led by the performance of the Group's West Coast and East Coast portfolios – up 6.8% and 5.2% respectively for the Financial Year.

At 31 December 2005 the portfolio was 95.1% leased, which is 90 basis points ahead of December 2004. New leases totalling 3.8 million square feet were completed during the 12 months. New mall shop rents at US$42.79 per square foot represent a 28.5% increase over expiring rents and includes the positive impact of new projects. The average rent across the entire portfolio at December 2005 was US$38.83 per square foot - up 3.3% for the Financial Year.

Property transactions
During the Financial Year, the Group purchased:
— Chicago Ridge in Chicago, Illinois for US$108 million at a yield of 8.0%;
— A further 25% interest in Westfield Valencia, Los Angeles, California for US$69 million at a current yield of 8.1%, taking its interest to 50%; and
— Sunrise Mall in Massapequa, New York for US$143 million at a yield of 7.9%.

Development projects
The Group completed the US$120 million redevelopment of Westfield Franklin Park in Toledo, Ohio, the US$140 million redevelopment of Westfield Wheaton in Wheaton, Maryland and a US$30 million project at Gateway in Lincoln, Nebraska. The first stage of the US$160 million redevelopment at Century City in Los Angeles, California was also opened.

The Group commenced 7 new projects during the Financial Year. This includes the US$330 million expansion of Westfield Topanga scheduled for completion of the main retail area in the 1st quarter of 2007. The largest project currently underway in the United States is the redevelopment of San Francisco Centre in downtown San Francisco, California at a forecast cost of US$440 million (with Westfield's share of the development US$220 million). This project is currently on schedule for completion in the 4th quarter 2006.

The Group currently has its largest ever development pipeline in the United States with 11 projects currently underway at a forecast cost of US$1.5 billion. These projects have a target weighted average project yield in the range of 9.6% – 10.0%.

There were no significant changes in the Trust's state of affairs during the Financial Year.

Principal Activities
The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

Subsequent Events
No other matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect:
i) the Trust's operations in future financial years;
ii) the results of those operation in future financial years; or
iii) the Trust's state of affairs in future financial years.

Future Developments
The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations above. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Distributions
The following distributions were paid to Members during the Financial Year:

— For the six months ended 31 December 2004, paid 28 February 2005:
26.82 cents per unit final distribution [1] — $473.7 million

— For the six months ended 30 June 2005, paid 31 August 2005
— 25.16 cents per unit interim distribution [2] for all ordinary units;
—16.96 cents per unit interim distribution for ordinary units issued on 28 February 2005 pursuant to the Group's Distribution Reinvestment Plan — $452.7 million

The following final distribution was declared for payment to Members with respect to the Financial Year, and paid on 28 February 2006:
— 29.37 cents per unit final distribution [3] for all ordinary units;
— 19.48 cents per unit final distribution for ordinary units issued on 31 August 2005 pursuant to the Group's Distribution Reinvestment Plan — $536.6 million

The Directors
There have been no changes to the Board of the Responsible Entity during or since the end of the Financial Year.

Consequently, the following directors served on the Board of the Responsible Entity for the Financial Year: Mr F P Lowy AC, Mr F G Hilmer AO, Mr D H Lowy AM, Mr R L Furman, Mr D M Gonski AO, Mr S P Johns, Mr P S Lowy, Mr S M Lowy, Mr J B Studdy AM, Mr F T Vincent, Dr G H Weiss, Mr D R Wills AO and Ms C M Zampatti AM.

Directors' Relevant Interests
The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in the Westfield Group as at the date of this Report are shown below. Ordinary units in the Trust were stapled to shares in Westfield Holdings Limited and units in Westfield Trust as part of the merger of the Westfield Group in July 2004. The stapled securities trade on the Australian Stock Exchange under the code WDC.

[1] A distribution of 52.03 cents per Westfield Group stapled security was paid on 28 February 2005. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

[2] A distribution of 51.07 cents per ordinary WDC stapled security and 34.42 cents per WDCNA (February 2005 DRP) stapled security was paid on 31 August 2005. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

[3] A distribution of 55.50 cents per ordinary WDC stapled security and 36.80 cents per WDCNB (August 2005 DRP) stapled security was paid on 28 February 2006. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

Director	Number of Stapled Securities
F P Lowy, AC D H Lowy, AM P S Lowy S M Lowy	167,053,051
R L Furman	–
D M Gonski, AO	206,010
F G Hilmer, AO	189,433
S P Johns	1,563,559
J B Studdy, AM	38,573
FT Vincent	–
G H Weiss	20,000
D R Wills, AO	20,000
C M Zampatti, AM	236,125

None of the directors hold options over any issued or unissued stapled securities in the Westfield Group.

Options
Details of the unissued ordinary units in the Trust under options as at the date of this Report are provided in Note 20 in the Notes to the Financial Statements (page 21).

Details of fully paid ordinary units in the Trust which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued units are provided in Note 19 in the Notes to the Financial Statements (page 20).

Indemnities and Insurance Premiums
No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Constitution and the Corporations Act, they remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Special rules for Registered Schemes
— $62.0 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
— No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 118,806,249 units as at the end of the Financial Year.
— Details of units issued in the Trust during the Financial Year are set out on Note 19 on page 20.
— No withdrawals were made from the scheme during the Financial Year.
— Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 12 and 14 on pages 9, 15 and 17 respectively.
— Details of the number of units in the Trust as at the end of the Financial Year are set our in Note 19 on page 20.

Audit and Compliance Committee
As at the date of this Report, the Responsible Entity had an Audit and Compliance Committee of the Board of Directors.

ERNST & YOUNG

Auditor's Independence Declaration to the Directors of Westfield America Management Limited
In relation to our audit of the financial report of Westfield America Trust for the year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Brian Long
Partner

Sydney
20 March 2006

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

F P Lowy, AC
Executive Chairman

20 March 2006

F G Hilmer, AO
Deputy Chair

Corporate Governance Statement

The Corporate Governance statement for Westfield America Trust for the financial year ended 31 December 2005 has been incorporated into the Corporate Governance statement prepared for the stapled Westfield Group. This statement can be found in the 2005 Westfield Group Annual Report, after the Directors' Report.

Twenty Largest Holders of Stapled Securities in Westfield Group [1]		Securities	Securities
1	JP Morgan Nominees Australia Limited	276,372,533	15.71
2	Westpac Custodian Nominees Limited	243,041,482	13.81
3	National Nominees Limited	207,254,124	11.78
4	Cordera Holdings Pty Limited	98,694,531	5.61
5	Citicorp Nominees Pty Limited	87,182,960	4.96
6	Cogent Nominees Pty Limited	71,948,178	4.09
7	ANZ Nominees Limited <Cash Income A/C>	51,947,219	2.95
8	ANZ Nominees Limited <Income Reinvest Plan A/C>	46,611,962	2.65
9	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	39,760,054	2.26
10	AMP Life Limited	28,694,745	1.63
11	RBC Global Services Australia	19,668,279	1.12
12	Queensland Investment Corporation	19,244,930	1.09
13	Franley Holdings Pty Limited	16,027,400	0.91
14	Westpac Financial Services Limited	15,776,265	0.90
15	Victorian Workcover Authority	14,512,848	0.82
16	Frank P Lowy	14,209,367	0.81
17	Westfield C Fund Pty Limited	13,202,005	0.75
18	Bond Street Custodians Limited <ENH Property Securities A/C>	12,512,795	0.71
19	Bond Street Custodians Limited <Property Securities A/C>	11,715,455	0.67
20	Transport Accident Commission	11,326,276	0.64
		1,299,703,408	**73.87**

[1] Ordinary units in Westfield America Trust were stapled to units in Westfield Trust and shares in Westfield Holdings Limited as part of the Merger. The stapled securities trade on the Australian Stock Exchange under the code WDC.

Voting Rights

At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in Westfield America Trust.

Distribution Schedule

Category	Number of Options [1]	Number of Option Holders	Number of Stapled securities	Number of Security-holders	% of securities in each	Number of units stapled to WHL shares or WT units	Number of Unitholders
1-1,000	700	1	32,958,660	63,748	1.88	19	1
1,001-5,000	3,200	2	115,571,428	53,981	6.61	0	0
5,001-10,000	20,000	2	39,732,050	5,763	2.27	0	0
10,001-100,000	803,800	23	72,649,656	3,082	4.15	0	0
100,001 and over	883,815	4	1,488,043,964	293	85.09	83,084,366	4
Total	**1,711,515**	**32**	**1,748,955,758**	**126,867**	**100.00**	**83,084,385**	**5**

As at 28 February 2006, 2,318 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

[1] In addition, there are 27,661,209 options on issue to four subsidiaries of Westfield Holdings Limited. Due to the stapling structure of the Westifeld Group, these options could not be exercised by these subsidiaries. The total number of options on issue at 28 February 2006 is 29,372,724.

Substantial Securityholders

The names of the Group's substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Group, are as follows:

Members of the Lowy family and associates	166,450,338
ING Australia Holdings Limited	87,707,537